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# Daily Report

# East Asia

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East Asia

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## Japan

### U.S. Wants Voluntary Purchase Plan Extended

*OW0902144795 Tokyo YOMIURI SHIMBUN in Japanese 9 Feb 95 Morning Edition p 6*

[FBIS Translated Text] Concerning the Japan-U.S. vice ministerial consultations on automobiles and auto parts under the bilateral economic framework talks held in Washington in late January, a top official of the Ministry of International Trade and Industry said on 8 February: "The United States expressed its wish to extend the period of the (Japanese automakers') self-imposed procurement plan for foreign-made auto parts, and to increase the procurement amount set in this plan." Thus, he revealed that although the two countries have agreed to exclude these demands from the subjects of talks, the U.S. Government still strongly wants realization of its demands.

### Hashimoto Refuses To Set Auto Talks Deadline

*OW1002035195 Tokyo KYODO in English 0330 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Japan will not commit itself to a particular deadline for settling auto trade talks with the United States, International Trade and Industry Minister Ryutaro Hashimoto said Friday [10 February].

Hashimoto was commenting on reports that Washington is seeking settlement by the end of March of the only major issue pending under the "framework" talks on bilateral trade.

Speaking at a news conference, Hashimoto said Tokyo is ready to settle the issue "tomorrow" if it is handled in a satisfactory manner, but will not make a compromise that would go beyond previously agreed conditions.

At the end of December, Japan agreed to resume the stalled auto talks following Washington's commitment to respect four Japanese-set conditions, including rejection of "numerical targets" as a tool to assess Japan's market openness.

"We are prepared to yield in areas that can be compromised but not beyond the scope of the four conditions," Hashimoto said.

### Auto Trade Talks With EU Set for Tokyo

*OW1002092095 Tokyo KYODO in English 0853 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Japan and the European Union (EU) will hold auto trade talks in Tokyo for two days from next Thursday, a Japanese trade official said Friday [10 February].

The official said the two parties will exchange views on the economic trend and auto market situation in Europe, which will then serve as a basis for setting a fiscal 1995 ceiling on Japanese auto exports to the EU.

This year's EU-bound auto shipment ceiling has been set at 993,000 vehicles.

### EU Critical of Government Deregulation Efforts

#### 'Nothing New' in Plan

*OW1002091595 Tokyo KYODO in English 0834 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—The European Union (EU) have expressed dissatisfaction toward ongoing Japanese deregulation efforts and called for the country's further commitment to ease government regulations, Foreign Ministry officials said Friday [12 February].

The EU voiced the discontent during two days of high-level Japan-EU consultations, the officials said.

Horst Krenzler, EU director general for External Economic Relations, who headed the EU delegation to the talks, described the Japanese approach to deregulation as "disappointing," according to the officials who attended the two-day meeting.

Krenzler also criticized the 500-point deregulation plan unveiled by Japan last month as being "nothing new," on grounds that it lacks substance and specific timetables for implementing the deregulation steps, the officials said.

The deregulation plan, which Tokyo released Jan. 18, was a preliminary report. The Japanese Government, responding to criticism both at home and abroad, has pledged to announce a five-year deregulation program by the end of March.

The EU side urged Japan to specify in the five-year program the contents and timing of deregulation measures, the officials said.

The EU presented a list of requests last October involving some 150 items in nine areas, from government procurement and telecommunications to financial services.

The Japanese side, led by Deputy Foreign Minister Sadayuki Hayashi, explained that the plan unveiled in January is only a preliminary report and briefed the EU about possible items for deregulation that were not included, the officials said.

Tokyo also noted growing demands from Japanese industry for deregulation measures by the EU.

The Japanese Government plans to gather information on such demands and discuss them with the EU in future talks, the Japanese side was quoted as saying.

The two sides agreed to hold another round of high-level consultations in the latter half of this year, the officials said.

### Effort Termed 'Disappointing'

*OW1002114095 Tokyo KYODO in English 1111 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Japan's efforts to rectify its alleged unfair liquor tax and other proposed deregulatory steps are "very disappointing," a senior European Union (EU) trade negotiator said Friday [10 February].

The EU expressed its discontent during two days of high-level bilateral talks focused on Japan's ongoing deregulation efforts as part of a five-year action plan to be compiled by the end of the year, European and Japanese officials said.

The EU reiterated its hard-line stance over Japan's alleged unfair liquor tax system, stressing the possibility that the issue will be brought up as one of the first dispute settlements by the World Trade Organization, said Horst Krenzler, EU director general for External Economic Relations and head of the delegation.

As for deregulations, which took up "90 percent" of the talks, Krenzler said Tokyo's interim report released Jan. 18 was "very disappointing."

Only some 500 items were adopted in the report, despite the more than 1,800 requests made at home and abroad. Of the 500, only 170 items were "concrete," Krenzler said.

Moreover, only 21 items, mainly in telecommunications and the insurance industry, appeared out of some 160 items in nine areas, ranging from government procurement and telecommunications to financial services, proposed by the EU in October, Krenzler said.

A Japanese Foreign Ministry official told reporters that the Japanese negotiating team, led by Deputy Foreign Minister Saduyuki Hayashi, said the interim report is preliminary and briefed the EU about possible items for deregulation that were not included.

Krenzler said the EU urged Japan to consider three points in the proposed action plan, including making "clear, unequivocal commitments and a calendar for implementation," which should come at the beginning rather than the end of the five-year plan, and ensuring "continuity in the EU-Japan deregulation dialogue."

The two sides agreed to hold another round of high-level talks in the second half of the year, the Japanese official said.

## Unit 731 Imperial Army Veterans Break Silence

*OW1002092295 Tokyo KYODO in English 0829 GMT 10 Feb 95*

[FBIS Transcribed Text] Morioka, Japan, Feb. 10 KYODO—Fifty years after World War II, six veterans of germ warfare unit 731 of the Japanese Imperial Army are breaking their silence about the unit's experiments on prisoners of war, in a booklet published Friday [10 February].

"I only once used the scalpel to open the chest of a live prisoner of war," said a 72-year-old man who witnessed a number of dissections.

According to the veteran who participated in the unit's research, the human guinea pigs were called "logs," illustrating how they were considered mere senseless objects.

"The dissections were sometimes conducted without administration of any anesthesia on fully conscious people," he said. "Their screaming was terrifying, but their voices soon died away," he said.

The veteran said he had to leave the Army after he became infected with the plague bacillus, one of the germs being tested.

Unit 731 was active mainly in former Manchuria, now northeastern China, and is believed to have used Chinese, Russians, Mongolians and other prisoners of war (POWs) as guinea pigs as well as germ warfare against the local population.

Takeo Wano, 71, of Morioka, a former medical orderly, confirms in his account of the unit's "local strategy" that Army physicians contaminated wells with germs while pretending to carry out water-quality tests.

"Mongolians who were living in nearby tents became ill one after the other," Wano said. He also saw the body of a Caucasian Russian at the unit headquarters that had been split into two for medical examination.

Wano maintains that he had not suspected anything bad at the time. "I thought we were helping the Chinese by providing them with clean water," he said.

The booklet was compiled by a local citizens' group following an exhibition on the notorious unit held in Morioka last summer.

Six of 11 former soldiers and medical orderlies were motivated by the exhibition to confess to their involvement in unit 731.

Among them are a former member of the youth corps who helped dispose of the victims' corpses at the end of the war and another former medical orderly who was involved in the research of blood and tissue samples taken from the POWs.

Ryuji Takahashi, 42, a member of the civic group, said most former unit 731 members prefer to maintain silence. "We hope to be able to dig up more testimonies to inform younger people," he said.

## Articles Reflect State of Tokyo-Moscow Ties

### Kozyrev Visit Likely in Mar

*OW0802134895 Tokyo ASAHI SHIMBUN in Japanese 8 Feb 95 Morning Edition p 1*

[By correspondent Harumi Tokunaga]

[FBIS Translated Text] Moscow, 7 February—Japan and Russia have begun preparations for Russian Foreign Minister Andrey Kozyrev's visit to Tokyo, possibly in early March. A source in the Russian Foreign Ministry told ASAHI SHIMBUN on 7 February that although no formal decision had yet been made, Moscow had firmed up a plan for Kozyrev to visit Japan in early March. On the same day a Japanese Foreign Ministry source indicated Tokyo would accept Moscow's itinerary.

Although Kozyrev's Japan visit was originally scheduled for January, it was postponed because of the worsening situation in Chechnya. Moscow later proposed that the foreign minister visit Tokyo at the end of February or early March. Moscow has since been working on rescheduling his trip together with Tokyo, which has called for Kozyrev's early visit.

According to the INTERFAX NEWS AGENCY, Russian Deputy Foreign Minister Panov said on 7 February the final decision on Kozyrev's trip was near. Quoting a source in the Russian Foreign Ministry, ITAR-TASS NEWS AGENCY reported Kozyrev would visit China before his trip to Japan.

During his visit to Tokyo, Kozyrev is expected to meet with Yohei Kono, Japanese deputy prime minister and foreign minister, and discuss with him the northern territorial issue and issues concerning fishing in the waters near four northern islands. They will also discuss Kono's expected trip to Moscow on May holidays or in summer.

### Kono Visit to Moscow Considered

*OW0802135695 Tokyo KYODO in English 1333 GMT 8 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO—Foreign Minister Yohei Kono might visit Russia in may to reciprocate a visit by his Russian counterpart Andrey Kozyrev expected in early March, government sources said Wednesday.

During Kozyrev's visit, Tokyo is poised to press for a breakthrough in stalled negotiations over a fisheries agreement aimed at ensuring the safety of Japanese fishing boats operating off four Russia-held islands claimed by Japan.

Russian border guards have fired warning shots at Japanese fishing boats and detained Japanese fishermen for allegedly poaching in what Moscow considers its territorial waters.

Kono and Russian First Deputy Prime Minister Oleg Soskovets in November agreed to launch formal talks on the fisheries issue, but so far no date has been set.

Tokyo hopes to avoid the touchy sovereignty issue by proposing that commercial fishery permits for the area be handled by a private Japanese organization, the sources said.

In talks with Kozyrev, Tokyo will reiterate the need to solve the long-standing territorial row at the heart of the fisheries dispute that has prevented both sides from concluding a peace treaty and building closer economic ties, they said.

The four islands were seized from Japan by the former Soviet union at the end of World War II.

Since Russia is engaged in a war with secessionist Chechnya, Japanese officials do not, however, expect much progress on the territorial issue.

Kozyrev's visit might not go beyond confirming the contents of a joint declaration issued during the visit of Russian President Boris Yeltsin in October 1993, which underlined both sides' commitment to an early conclusion of a peace treaty through a solution of the island dispute based on the principles of law and justice, the sources said.

Kono's envisaged Russia trip, most likely to take place during a series of national holidays in early may, will serve to demonstrate Japan's resolve to continue political dialogue with Russia, they added.

## Egyptian Foreign Minister Musa Continues Visit

### Meets Murayama

*OW0902151495 Tokyo KYODO in English 0741 GMT 9 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 9 KYODO—Prime Minister Tomiichi Murayama on Thursday [11 February] applauded Egypt's efforts to achieve peace in the Middle East and expressed Japan's readiness to cooperate in the peace process, Foreign Ministry officials said.

The premier made the comments to Egyptian Foreign Minister 'Amr Mahmud Musa in a meeting at his official residence.

During the 10-minute talk, Musa said Mideast peace negotiations are not necessarily going smoothly and voiced concern about Israel's suspected nuclear weapons development program.

Murayama was quoted as saying disarmament and economic stability, rather than the pursuit of military expansion, are vital to achieve peace in the region.

The premier also welcomed the sound relationship between Japan and Egypt, adding Egyptian President Husni Mubarak's planned visit to Japan in mid-March will further solidify bilateral ties.

Musa appreciated Tokyo's economic cooperation with Cairo and expressed hope that the two countries will enhance their ties in the field of culture, the officials said.

### Interviewed on Talks, Ties

*NC1002075295 Cairo Arab Republic of Egypt Radio Network in Arabic 0500 GMT 10 Feb 95*

[Interview with Foreign Minister 'Amr Musa by Cairo Radio correspondent Ahmad Sulayman in Tokyo; date not given—recorded]

[FBIS Translated Text] [Sulayman] I would like to ask you about the results of your meetings in Tokyo.

[Musa] Our talks addressed many topics, including bilateral relations, the peace process, the regional situation in the Middle East, the situation in the Pacific Ocean and the countries around it, and some huge projects in the field of regional cooperation with the Middle East. We discussed the nonproliferation of nuclear weapons and enhancing the role of the United Nations and the Security Council. These were the topics we discussed.

[Sulayman] And what about the economic field?

[Musa] As for the economic field, we discussed economic cooperation, that is, bolstering trade, investment, tourism, joint projects, and investment in the free zones in Egypt. We are not talking about aid and financial help. We are talking about strong economic relations, about economic relations based on benefits for both sides, and [word indistinct] for both sides.

[Sulayman] Did you reach any specific agreements in this regard?

[Musa] We reached some specific agreements of course. But you should not forget that this visit is to prepare for President Mubarak's visit to Japan. All this is preparation and primary discussion before President Mubarak's visit.

[Sulayman] Your visit and talks with Japanese officials come days after Egypt offered a contribution to Japan to help the victims of the earthquake. This move brought gratitude from the Japanese Government, did it not?

[Musa] Actually, they were very thankful and appreciated the gift Egypt sent them. Again I extended our condolences on the earthquake's victims. Every official in the Japanese Government and all the people I met said they were grateful for Egypt's gift.

[Sulayman] Before you arrived in the Japanese capital, Japanese officials said they wanted to learn from Egypt, considering its prominent position and status in the region, and from its ideas regarding the role Japan could play politically and economically in the coming stage of the atmosphere of peace.

[Musa] We did discuss this subject, namely, that Japan wants to play a role. We welcome such a role because Japan is a positive economic and political force. We could help them play their role in the region, particularly since they are playing an active role in the multilateral talks. The circumstances enabling Japan to play a role in the region are quite good. We are still discussing this role.

[Sulayman] What sort of ideas do you have about the role Japan can play, particularly in the economic and political fields?

[Musa] There are many things pertaining to making peace and keeping peace. There are also projects in the field of regional cooperation, such as the project of the bridge over [words indistinct] for example, and other projects we are discussing. We hope these discussions will lead to an agreement through which we can define the framework of cooperation, bilateral relations, and Japan's relations with the Middle East. This means that there should be political consultations, economic cooperation, and so on. In our talks with Japanese officials, we discussed cultural relations [words indistinct].

[Sulayman] With regard to Japan's role in the peace process and strengthening peace in the Middle East, Japanese officials recently announced that they are ready to participate by sending forces to join the peacekeeping forces in the Syrian Golan Heights—if a peace agreement is reached—or anywhere else. Have the Japanese raised this issue with you?

[Musa] Yes, we did discuss this.

[Sulayman] What about relations between Japan and Egypt, before President Mubarak's visit?

[Musa] I believe the future for relations is very promising. I hope Japan and Egypt will succeed in entrenching the bases for a firm relationship by organizing relations in the political, economic, and cultural fields.

### Seeks Aid To Construct Bridge

*OW0902151295 Tokyo KYODO in English 1039 GMT 9 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 9 KYODO—Japan plans to send a survey team to Egypt around April to study possible cooperation in Egypt's plan to build a bridge across the Suez canal, a senior Foreign Ministry official said Thursday [11 February].

The mission, to consist of government officials and experts, will conduct a feasibility study on the size and scale of the bridge and of the Japanese aid, the official said.

It is not yet clear whether Japan will be able to pledge assistance for the project during Egyptian President Husni Mubarak's planned visit to Japan around mid-March, he said.

Egyptian Foreign Minister 'Amr Mahmud Musa, in a meeting with Japanese Foreign Minister Yohei Kono on Wednesday, called on Japan to cooperate in the project.

Egypt wants to construct the bridge to help deal with the expected increase in traffic between the East and West when progress is made in the Middle East peace process.

Kono told Musa that Japan is interested in the project but did not make any specific commitment.

Japan suspended new official loans to Egypt after the Paris Club of creditor nations agreed in 1991 to halve Cairo's official external debts.

The senior ministry official indicated Japan is likely to cooperate in the project by extending grant-in-aid because it is difficult to resume yen loans.

### Tokyo To Give $500,000 for Chechen Refugees

*OW0902150395 Tokyo KYODO in English 0635 GMT 9 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 9 KYODO—Japan will extend aid worth 500,000 dollars to international organizations to help refugees in breakaway Chechnya, Foreign Minister Yohei Kono said Thursday [9 February].

Japan will extend 400,000 dollars to the UN High Commissioner for Refugees (UNHCR) and 100,000 dollars to the International Committee of the Red Cross (ICRC) in response to appeals by the two organizations, Kono said in a statement.

The government is concerned about the large number of civilians being killed in the fighting in Chechnya and the many refugees living under severe conditions, Kono said.

Kono's statement called for an end to battles as soon as possible and for continued reform efforts by Russia in political and economic areas.

The ICRC, which has been operating in Chechnya since last September, said Jan. 19 that an extension of the conflict in Chechnya could produce a major new flood of refugees into neighboring north Caucasus provinces.

### Murayama on Reconstruction of Quake-Hit Areas

*OW0902143995 Tokyo NHK General Television Network in Japanese 0916 GMT 9 Feb 95*

[News conference by Japanese Prime Minister Tomiichi Murayama at the prime minister's official residence in Tokyo—live]

[FBIS Translated Excerpt] [Passage omitted on Murayama offering condolences and sympathy to earthquake victims, expressing his resolve to promote measures for the reconstruction of quake-devastated areas, and stating his gratitude to police, firemen, and volunteers] At the same time, more than 70 countries, regions, international organizations, and nongovernment organizations offered us help. Taking advantage of this occasion, I once again would like to express my sincere appreciation from the bottom of my heart to the people concerned in each country of the world. [passage omitted on Murayama's thanks to Japanese people who gave support to the quake victims]

Regarding the government's response at the initial stage of the disaster, however, I am well aware of the various criticisms. The important points of crisis management are to obtain accurate information without delay and to make no mistakes in initial actions. I will humbly listen to such criticism and candidly review what we have to review. At the same time, we will make a fundamental review of the point regarding [words indistinct] to form thought-out crisis management and disaster prevention systems in the future. For this purpose, we have already formed a project team in the cabinet. The team will come up with its decision as early as next week. We have also started to review disaster prevention plans. [passage omitted on plans to construct temporary houses for the quake victims and disposal of debris, construction of new cities] Regarding measures the government has to take on its part, we will strengthen the structure of the government to boldly implement them. To be specific, I am planning to set up a Hanshin-Awaji Reconstruction Headquarters as soon as possible. I will be the head of this headquarters and all cabinet members will be its members. Under the political leadership [of this headquarters], we will forcefully and efficiently implement necessary measures. For this purpose, the cabinet is preparing to approve legislation as early as mid-February. [passage omitted on formation of a reconstruction committee composed of specialists]

Next, I will talk about special legislation needed for rehabilitation and reconstruction. In addition to the formation of the reconstruction headquarters I mentioned earlier, I am planning to introduce special cases for construction of planned cities, reduction of and exemption from taxes, and the granting of government assistance. [passage omitted on plans to build temporary houses and repair roads and harbor facilities] We are currently doing our best to work out the second FY94 supplementary budget. [passage omitted on plans to give special tax treatment to disaster victims and provide low-interest loans for businesses]

In order to renew our resolve to carry out reconstruction efforts, I would like to take this opportunity to say once again that the November meeting of the Asia-Pacific Economic Cooperation forum will be held as scheduled in Osaka. [passage omitted on Murayama offering encouragement to the victims, and his call on the Japanese people for cooperation and understanding regarding the government's reconstruction programs]

[Dean of press corps] Well, first I would like to start off asking two or three questions and then let other reporters ask questions, if they have any. First of all, I would like to ask about the government's crisis management system. Regarding the great Hanshin earthquake, it has been sternly pointed out that if the Self-Defense Forces [SDF] had been mobilized in the initial stages in response to the disaster, there may not have been so many victims. Because it has been said that critical information for determining whether it would be necessary to mobilize SDF teams was not available in the initial stages, there apparently are flaws in the government's crisis management system. In connection with this great disaster, I would like to ask the prime minister whether the government has done any soul-searching regarding its system of making an initial response to disasters and what the government now plans to do to review its crisis management system. I would like the answers to be as concrete as possible.

[Murayama] In this great earthquake, local police and firefighters began rescue operations promptly after the quake occurred. Support teams from outside the area also rushed to the scene of the disaster and conducted firefighting and rescue operations. The SDF, too, acted on their own, where it was deemed necessary, without waiting for a request from the prefectural governor. I think that policemen, firefighters, and SDF members, even while they themselves may have been quake victims, did all they could under the severe conditions of a great earthquake, and are still continuing to [words indistinct].

At my official residence, I saw news on television about the earthquake a little after 0600 hours and immediately ordered my secretary to start gathering information. After receiving reports and being notified by the chief cabinet secretary, I convened a cabinet meeting at 1000 hours that morning at which time we decided to set up an emergency disaster headquarters and worked out various necessary measures. Regarding the government's initial response to the disaster, I well realize there has been a lot of criticism, as you have just pointed out. I sincerely accept such criticism and feel we need to honestly review what is necessary. Therefore, studies are now being conducted among relevant government ministries and agencies to permit the prime minister's official residence and these government ministries and agencies to respond to future crises. We have set up a project team to find a way to create a system under which the exact scale of earthquakes can be assessed and a communications link through which pertinent information can immediately be relayed to the prime minister's official residence in the event of a great earthquake.

The project team is currently studying how this should be arranged. We hope to come up with a final decision as early as next week. Nevertheless, taking this experience into consideration, I feel that in addition to this problem with our crisis management system, we have before us numerous matters that need to be thoroughly reviewed, such as antidisaster programs, disaster drills, and construction of disaster-resistance cities. For its part, the government will do all it can in all sincerity with the intention to strengthen its disaster prevention system in general.

[Unidentified reporter] The opposition parties have indicated that the prime minister should take the responsibility for the government's inadequate handling of the recent earthquake. What do you think of this view?

[Murayama] This issue was also mentioned in questions at the Diet session, and I repeatedly replied to the questions. I myself have seriously and severely taken the situation in which more than 5,000 people were killed and the greatest damage was caused by the earthquake. The government's task is that the whole cabinet will make utmost efforts to carry out relief measures for the victims and will continue to tackle reconstruction and rehabilitation work. As I believe these are tasks that I have to solve in the future, I intend to do my best to that end. [passage omitted on questions and answers about the prospects for reconstruction work, funds to finance reconstruction programs, and how the government will consider people's opinions in promoting rehabilitation work]

[Unidentified reporter] Do you intend to take the responsibility after you complete the first stage of the reconstruction and rehabilitation work?

[Murayama] Well, I need to make an all-out effort in taking the urgent, necessary relief measures that I mentioned earlier. At the same time, taking into consideration the fact that such a heavy disaster has occurred and that there are many volcanoes and earthquakes in Japan, we need to completely review the government's previous disaster prevention program and to build earthquake-resistant cities. Promoting such works continuously and positively is my task and the responsibility that I should take. [passage omitted on the government's leadership after the initial stage in rescue and relief operations]

## Effect of Quake Not Reflected in EPA Report

*OW1002002395 Tokyo KYODO in English 2357 GMT 9 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—The Economic Planning Agency (EPA) on Friday [10 February] retained its previous assessment of the national economy for its February report as being on "a gradual recovery trend," with the adverse effects of last month's powerful earthquake in western Japan remaining unclear.

The agency noted at the beginning of the monthly economic report that "people and businesses (in western Japan) were damaged severely" by the Jan. 17 great Hanshin earthquake.

But it said, "Japan's economy remains on a gradual recovery trend," and only added "it is necessary to pay special attention to the effects" of the quake from now on.

An official of the agency said it is difficult to assess the quake's effects on the national economy at present because the scale and degree of damage on capital stock in the area are still being examined.

The report noted fears of adverse effects on production activities and prices in the affected area. It said, however, "prices are generally stable" in the region so far, except for some products and services.

Other than quake effects, the report said personal consumption continues to recover slowly, housing construction is moving at a high level, and industrial profits are generally recovering.

Although private corporate investment remains sluggish, business owners' sentiment is recovering, the report said.

The official said that the bearish sentiment seen among small and medium-sized businesses would require watching from now on.

Exchange rate movements remain a cause of concern, according to the report.

## Quake Reconstruction Expected to Boost GDP

*OW0902062295 Tokyo KYODO in English 0543 GMT 9 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 9 KYODO—Despite slowing Japan's economy through March, the Kobe earthquake will spur rebuilding that will help the economy grow 3.0 percent in fiscal 1995, two foreign firms say.

Reaching the same projection for growth in gross domestic product (GDP) for the year starting in April, Morgan Stanley (Japan) Ltd. estimates a net lift of 1.3 percent from the quake, while UBS Securities Ltd. sees the boost at 0.3 percent.

Those projections compare with the government's official forecast of 2.8 percent real GDP growth in the fiscal year.

Morgan Stanley's projected boost of 1.3 percent, or 6 trillion yen, is the most likely, at a 40 percent probability, of three scenarios calculated by senior economist Mineko Sasaki-Smith in a new report. It estimates a 6 trillion yen net boost, pushing up the economy of Hyogo Prefecture by 20 percent and Osaka by 5 percent.

"While some delays and substitutions by excess capacity would ensue, much effort would be poured into rebuilding the affected area" under that scenario, she writes.

A minimum-impact scenario, with a likelihood of 35 percent, sees a boost of only 0.8 percent, or 4 trillion yen, as the government extends a rebuilding ban to ensure rezoning. With a probability of 25 percent, Sasaki-Smith says GDP could be pushed up 1.7 percent, or 8 trillion yen, with a six-month grace period from rezoning and stricter construction codes.

UBS analysts Michael Lockrow and Neil Rogers see production and personal consumption depressed through March but then rebounding.

"The temporary disruption caused by the earthquake will not prevent stronger consumer demand from driving the recovery in 1995 as income tax cuts and a stabilization of the labor market take hold," they write.

## Editorial Praises Sumitomo Bank Report

*952A0337A Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Jan 95 p 2*

[Editorial: "Decision by Sumitomo Bank To Prepare Deficit Earnings Report"]

[FBIS Translated Text] Sumitomo Bank has announced that it intends to write off 800 billion yen in bad loans and 280 billion yen in losses at the recurring earnings level during the year ending in March. This will be the first deficit earnings report among the leading banks, but we can regard it as logical and provide positive recognition to the bold decision to eliminate, albeit on a partial basis, the persistent uncertainty facing the financial system.

A facet which can be given utmost attention relative to the recent action is that the bank courageously proceeded to issue a deficit earnings report which is considered taboo in the banking world where trust is given the highest of priority.

This newspaper has for some time stressed the importance of clarifying the real facts concerning bad loans and to dispose of the problem at an early date. However, the policy of the Ministry of Finance (MOF) and the Bank of Japan (BOJ) until now called for Disposal of the issue over an extended period without producing red ink and reducing dividends. The reason for the policy is that revelation of the facts could undermine confidence in the credit system. And, the reality is that banks which were able to get by without revealing management culpability were in complete agreement with the policy.

However, the stock markets welcomed the recent action. Massive buying orders were placed for Sumitomo Bank stock, accompanied by higher prices for other bank stocks and at least one day of a brightening market mood. There is no change, however, in the fact that the dark clouds of bad loans still overhang the markets. But, the markets did welcome the fact that a leading bank divulged the facts and assumed a posture of taking positive remedial action.

Another aspect which warrants attention is that the Sumitomo Bank discarded banks strong proclivity for uniform behavior and unilaterally executed an unprecedented action.

Sumitomo Bank enumerates the following three points as the reason for the recent decision: 1) establishment of a schedule for restructuring bank operations following collapse of the bubble; 2) strengthening the financial structure of the bank became important in view of the pending full-scale decontrol of financial markets; and 3) the time has arrived to launch positive measures in response to the economic recovery. Such reasons are very appropriate in terms of management assessments. We can look at Sumitomo Bank's action as reflecting the return to a management style that seeks to capitalize on self-accountability and self-assessment capabilities in connection with business opportunities in a turbulent, competitive climate.

Needless to say, there is no mistaking the fact that the recent deficit earnings report was produced in consideration of ideas currently embraced by government authorities. The MOF and BOJ in the past two to three years have joined with financial institutions in researching methods for managing extraordinary and crisis situations. They have taken commensurate measures to cope with bad loans such as establishment of the Joint Loan Purchasing Agency and special purpose companies.

The recent action can be referred to as one more bad loan measure taken to positively sustain banks independent efforts.

A most important factor in an economic recovery phase is the restoration of financial liquidity. We cannot avoid the view that financial liquidity is paralyzed from the single fact that the money supply continues to hover at a growth rate in the two-percent range over the prior year. The largest reason is the shrinking financial institution operations in the face of the inability to free themselves from the burden of bad loans.

Financial policy administration must be conducted in a manner which uses this opportunity to encourage independent efforts of financial institutions and to channel such efforts into positive actions. The authorities should abolish their practice of providing guidance which calls for uniform behavior concerning earnings reports and dividend policies. Financial markets have inescapably entered the age of competition.

**Consideration for Restoration of Cultural Attractions**

Two weeks have now passed since the Osaka-Kobe Earthquake and reconstruction activities are commencing gradually with priority given to extending aid to those who suffered damage. Amidst such a background, it has become clear that damage to cultural assets in the quake region was much greater than originally anticipated.

According to the emergency on-site survey implemented by the Agency for Cultural Affairs last week, (as of the end of last week) a total of 155 National Treasures and Important Cultural Assets exclusive of other treasures had sustained damage including 58 in Kyoto, 40 in Osaka, and 36 in Hyogo prefecture. Many modern western buildings sustained damage in Kitano-cho, Kobe city, but the area is counted as one case of damages incurred as an Important Traditional Buildings Group Conservation District, which means that the case count for the district will be increased some time in the future.

Damage to cultural assets such as buildings and art work itself represents a major loss, but we must draw attention to the importance of the loss of culture built by local residents with cultural assets serving as a centerpiece.

The most extensive damage in connection with the recent earthquake was suffered in Kobe city, but similar major damage extended to the so-called Osaka-Kobe belt of Ashiya, Nishinomiya, and Takarazuka located east of Kobe city from Higashinada ward towards Osaka. The region which is endowed with warm climate and scenic beauty became home to rich Osaka merchants and foreign export-import merchants operating out of Kobe from the Taisho era as well as attracting many individuals engaged in cultural pursuits, artists, and scholars, where architecture and lifestyles assumed unique modernistic trends.

Junichiro Tanizaki and his family relocated to the Osaka-Kobe area and settled there for a long period, after experiencing the Kanto Earthquake of 1923 (12th year of Taisho era). The main stage for his book *Sasameyuki* was the upper-class residential areas of the Osaka-Kobe regopm known as Ashiya and Shukugawa, and the four heroine sisters in the book thought of the Osaka-Kobe area as an unparalleled land of comfortable living and tranquillity. The district was hit by a series of disasters such as damage from the Osaka-Kobe floods of 1938 (13th year of the Showa era) as described in *Sasameyuki* and the Kobe aerial bombings of 1945, losing much of the ambiance of prewar days and subjected to postwar land development exploitation projects. Even then, some communities and residents retained vestiges of modernistic cultural qualities. An example of such efforts included a concentration of privately endowed, but nationally prominent, art galleries and museums.

It is still unclear how much damage was incurred by such buildings and communities as a result of the recent earthquake. However, we probably cannot overlook the cultural impact to include partial destruction of former homes of Tanizaki located in several parts of the Osaka-Kobe area.

In addition to aid activities, work is already progressing on reconstruction plans. It is only logical that priority be given to disaster-prevention measures, but the question is, how will we design restoration plans so that they consider the history and culture developed by residents themselves? Unless that factor is considered, even if urban areas are rebuilt, we will fail to recapture the spiritual well-being of residents and lose the unique cultural qualities to eternity.

## Murayama Agrees With Kubo on Preparatory Panel

*OW1002113995 Tokyo KYODO in English 1116 GMT 10 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 10 KYODO—Prime Minister Tomiichi Murayama on Friday [10 February] approved a plan by his Social Democratic Party

(SDP) to set up a preparatory panel for a new party within the party's Central Executive Committee, SDP officials said.

They said Murayama, who is SDP chairman, endorsed the plan when it was presented by SDP Secretary General Wataru Kubo at his official residence.

Kubo told reporters after the meeting that the SDP should not drop the new party idea. He added that he will meet Sadao Yamahana, leader of a 24-member SDP rebel group, to discuss the proposal.

On Thursday, SDP leaders agreed to postpone once again an extraordinary party congress, previously scheduled for March 11, delaying the party's potential split.

The SDP policy-making Central Executive Committee decided on the postponement to allow Murayama to attend the U.N.-sponsored world summit for social development in Copenhagen on March 11-12.

## * LDP-Style Power Struggle Criticized

*952B0103A Kyoto VOICE in Japanese Feb 95 pp 138-147*

[Article by Masaya Ito, political commentator]

[FBIS Translated Text] **Restructuring of the Political World: A Crash in the Final Stage**

Following the passage of a bill on the single-seat electoral system combined with some proportional representation, a final bill on redistricting was passed as well. The next election, therefore, will surely be conducted according to the new system.

This has a very significant meaning for the political situation in Japan. I have always said that restructuring of the political world would take place in three stages. The first stage was the birth of the Hosokawa administration in July 1993, the second was the birth of the Murayama administration, and the third, or the final stage, will definitely be the next election. There, the drama of restructuring of the political world will end for the time being.

When will that election take place? And, what kinds of results will it bring? In predicting, the key question is what kinds of phenomena the new electoral system will create, or has already created?

The change to the small constituency electoral system means that the constituents will be different. When the constituency changes, it will be difficult for those with the revised constituency to get reelected. A party that will be affected most is the Liberal Democratic Party [LDP], which has a multiple number of Dietmen elected under the medium constituency electoral system.

Then, what will they have to do to overcome this? Ichiro Ozawa tried to gain political power by launching an offensive, saying, "We must leave the LDP, join a new party, and get our candidacy approved by the new party. If we do so, we will be able to conduct our election campaigns better than when we are with the LDP."

"Members in reserve," who will have a better chance if they leave their party by following this Ozawa's strategy, exist within the LDP as well as the Social Democratic Party of Japan [SDPJ]. If the New Frontier Party [NFP] can absorb all these LDP and SDPJ members in reserve, it will certainly be able to expand its size. Ozawa had such an estimate. To be sure, this estimate used to seem materializing, but has encountered a phenomenon where those new members who left their party and joined the NFP may have to fight again with each other.

To my mind, Ozawa's strategy has already failed, because Ozawa lost political power when he became a member of the opposition party. Once he lost political power, he is no longer able to use such enticing statements as: "If you join me and get elected, I will certainly make you a Cabinet member. If you come to our party, you will be able to have a more advantageous campaign than when you are with the LDP."

Additionally, it could be much easier to run for an election in the small constituency system from the LDP, a leading party, than from an opposition party. Even if a candidate cannot win an election this time, or if he is assigned to a proportional district, once some elected official resigns, he may be able to have his turn eventually. Therefore, he will be better off by not leaving his party or being drawn into Ozawa's strategy, which has no guaranty of gaining political power.

The characteristic of the small constituency electoral system is that it is clearly advantageous to conduct an election campaign in a "large group" than in a "small group." If the former leading coalition parties—the Japan Democratic Socialist Party [DSP], the Komeito, and the Shinseito—undertake their election campaigns individually, they will certainly be outflanked by the LDP and defeated. Speaking of the other side of the coin, if the LDP, the SDPJ, and the Sakigake conduct their election campaigns with unified candidates in a large group, they will certainly win a landslide victory. But, such a unified collaboration in election campaign can not happen to that degree. This is because the SDPJ's right wingers may advance their plan to create a new party and cooperate with the LDP, or they may decide to collaborate with the NFP. It is obvious that they have no intention to conduct a unified election campaign.

### SDPJ Will Definitely Be Annihilated

If the SDPJ remains as it is, it will definitely be annihilated in the next election.

The SDPJ has only two choices to survive: Either it buries itself within the LDP and forms a solidarity with the LDP and the Sakigake, or gets absorbed completely into the NFP. "Democrats" were probably thinking of the latter choice, but as soon as Ozawa lost his political power, I believe they began to wonder about this.

Therefore, Akira Kubo from the SDPJ began to say that he would not join the LDP or the NFP, and that there would be a space for existence between these two parties. This is the point stated in the "Plan for a Democratic Liberal New Party," which was ratified during a national conference of election campaign managers held in Atami on 22 October last year. For the SDPJ, therefore, creation of a new party was simply a planning for election campaign.

However, this planned new party is quite enigmatic. If it is a new party, it should have a new party platform and new policies. But Yamahana spoke of quite abstract principles, such as "fairness," "coexistence," "peace," and "creation," that are incomprehensible and quite removed from the reality of the current political situation. In terms of policies, he spoke of "coexistence of men and women," "welfare," "environment," "human rights," decentralization," and "arms reduction." Anyone would talk about these ideas. The LDP will probably say the same thing, and so does the NFP. There is nothing that is "different from the others."

To be sure, as ideological differences disappeared, it would be hard to find any differences in policies and philosophy among the political parties. But, then, what differentiate these political parties? Party presidents. The character of each party's president defines the party's character and objectives. But, the New Democratic Alliance [NDA] has not even selected its president yet. Yokomichi seems being considered, but there is no guaranty for him to become the president.

Furthermore, the NDA has not chosen its partners, either. Depending on how a partnership is formed, the number of seats allocated for both small constituency as well as proportional representation districts will be different under the new electoral system. Likely candidates are the DSP and the Japan New Party [JNP], but both of them have already been swayed to the NFP—most likely they will not join the NDA even if they are invited. What remains is the Sakigake. However, the Sakigake is hesitant, saying, "Speaking of dissolving the party and creating a new party, if they come and join us, we will not be able to get votes." In the final analysis, there is no other way [for the NDA] to join hands with the Sakigake but by yielding completely to the Sakigake.

Local organizations are also shaking up the SDPJ. They have lost their motivation completely. This is quite understandable, because Murayama discarded with ease all what they believed in the past—the anti-[Japan-U.S.] Security Treaty, the unconstitutionality of the Self-Defense Forces, the policy of neutrality, arms reduction, and absolute opposition to nuclear power generation. After the left wingers did all this, the right wingers are now planning to dissolve the party and create a new party. The party president is still unknown, and partners have not been chosen. If they [the right wingers] dissolve their party and are unable to create a new party, they will remain as a group of miscellaneous candidates. How are they going to conduct their campaigns for local elections? Local organizations are probably hoping for a freeze on such foolish arguments for "dissolution of the party" and "creation of a new party" until local elections are over.

Masanori Goto, the SDPJ's general secretary, is entertaining a compromise plan, saying that it will take six months to a year for creating a new party. In the meantime, however, the SDPJ will be reduced to a group of soldiers like the Heike clan's army frightened by the sound of waterfowls, with no motivation to fight. If a general election takes place then, the SDPJ will suffer a quick death. This is a hopeless situation, because without all this, it has been predicted that the SDPJ would have to fight against heavy odds in the next election.

In any event, to cope with the single-seat electoral system combined with some proportional representation, there is no other way but to create a solid new party. The NFP is like a model in this regard. As the boom for creating new parties was over, and their parties—those that created the NFP—were opposition parties, they probably didn't want to create a new party. But, realizing that there was no other way to adapt themselves to the new electoral system, they decided to form a new party.

**Kakuei Tanaka's DNA**

On 8 December right before its inauguration, however, the NFP had a major dispute over who would become the party president—a "president who agrees to Ozawa's strategy" or "one who ignores Ozawa." Eventually, Kaifu was chosen as the party president. Using this process of selecting the party president, therefore, those parties that had merged into the NFP undertook life-or-death struggles over whether to accept Ozawa's leadership in determining the way the party would be managed in the future and how it would carry out election campaigns in the next election. The result was an overwhelming victory for "Ozawa, Ichikawa, and Yonezawa." In substance, therefore, the new party is just like the LDP during the time when Kaifu was the prime minister and Ozawa was the secretary-general; in other words, it is exactly the same as the LDP during the time when it was controlled by Kanemaru, Takeshita, and Ozawa. According to the results of popular voting for the party president, out of the members of both Houses of the Diet (214), essentially 162 supported Kaifu (a combined total of 131 votes for Kaifu and 31 votes for Yonezawa), and only 52 voted otherwise (for Hata). In fact, most of these 162 votes were floating votes from the Komeito, the DSP, the Shinseito, and the JNP. Therefore, the NFP is nothing but "another LDP" like the one that was controlled by Kanemaru and Takeshita. The Komeito is going to create a policy-making group, which is comprised of the Dietmen from both Houses. The DSP is also going to create a policy-making group in close contact with labor unions, the main supporters for its election campaigns. A group of those who left the LDP in rebellion will form a faction with Kaifu as its leader, and will create a policy-making group. In the final analysis, the NFP is a coalition of factions, each of which is trying to gain political power. And, these factions, called policy-making groups, are going to form three major groups centering around Ozawa, the Komeito, and the DSP, which in turn will become the core of the NFP and decide on the party's future activities. It seems quite understandable, therefore, that Kaifu was chosen initially as the party president.

This is completely a rebirth of the LDP that was controlled Kakuei Tanaka. It seems like quite a natural outcome, because this new party was created by Ozawa who used to be the favorite of the power structure and Kakuei's DNA. This can't go on successfully, however. I believe this kind of "Ozawa's factional party" should never have been created.

As stated earlier, the party fought over Kaifu and Hata in selecting its president, and finally settled on Kaifu. The reason for this decision is that for the merged political parties to adapt themselves to the single-seat electoral system combined with some proportional representation, it was necessary to believe in "Ozawa's mythology." When such is the only centripetal force, it is unreasonable to expect much from the NFP.

The most typical example that shows the uncertainty of the NFP's future is the Komeito, which split itself up and joined the new party. The party's main organizations were left intact in local regions, its sixty-four members of both Houses of the Diet joined the new party as a policy-making group. Then, what will the Komeito (or the Soka Gakkai) do in the most important next election? It has a two-edged strategy, with a possibility of joining hands with the LDP.

The main body of the Komeito consists of its local organizations and the Komei Shimbun. As long as the Komeito maintains this main body intact, it cannot be considered as having become a new party. The party says that it will consolidate everything into one unit in five years. But, this means that consolidation will be considered after the next election for the House of Councilors and another election after that—in essence, the Komeito wants to see how the new party will fare before deciding to integrate itself completely.

The NFP, therefore, has not established itself yet as a "new party."

### A General Election May Take Place in April at the Earliest

The next general election will probably take place under the similar condition as it is today without further drastic changes. The question is when the election will be held. The answer to this question has much to do with the nature of the current Murayama administration.

The genesis of the Murayama administration can be traced to the conflict between the SDPJ and the former coalition parties over whether or not to join the administration. Following Hosokawa's resignation and during the time of forming the Hata Cabinet, Ozawa raised the policy-related hurdle for the SDPJ by asking to indicate the rate increase for consumption tax by quoting an exact figure and to promise the use of armed forces in dealing with the North Korean issue.

Why did Ozawa raise the hurdle? As he had been informed by the democrats that the SDPJ had a party resolution never to join hands with the LDP or to create a second-rate administration, he was confident that he could beaten up the SDPJ to the hilt.

And, as he also believed that even if the SDPJ didn't accept his requests or join his camp, the Watanabe faction would certainly join him, he was confident that he would be able to remain in power.

But, the Watanabe faction didn't come forward. Then, Murayama made up his mind, saying, "We have been insulted enough by him, and we don't have to listen to him any longer. We might as well form a coalition with the LDP." In short, Ozawa pulled the trigger for formation of the Murayama administration.

Once Murayama became the prime minister, he carried out a major transformation of party policies. This infuriated the "democrats." They believe that if Murayama could make such a transformation of policies, he could have accepted the requests made by Ozawa and Kubo during policy discussions, and that the reason why he didn't is that such acceptance was opposed by the left wing. Then, once the left wing gained political power, it did everything it wanted to do through Murayama—it is even pretending that it did nothing wrong. Such frustrated anger toward the left wing exists within the NDA.

Therefore, Yamahana and Kubo have been expressing their thoughts loudly about the NDA. Such movements by the NDA have a significant meaning, because they relate to the question of whether or not it is possible to break the "wall of ten people."

At present, the political world is based on a tripolar structure of the "LDP," the "NFP," and the "SDPJ with the Sakigake." But, according to the overall political condition, the SDPJ has a casting vote, and the NDA in turn controls the SDPJ's casting vote. If ten members of the NDA change their side, a nonconfidence motion can be made. Murayama probably has no intention of dissolving his administration, but once a nonconfidence vote is passed, his Cabinet will be dissolved without regard to his wish.

Once the Diet is dissolved, a general election will take place for the first time under the single-seat electoral system combined with some proportional representation. When will that be? Some people seem to think that it will be sometime in the early months of this year, but I believe that's quite unlikely.

As mentioned earlier, the NDA has a power to pass a nonconfidence vote, but under the current condition, there are less than twenty people who may decide to leave their party. Let alone the "wall of ten people," there are only five people at most, not enough to pass a nonconfidence vote.

Furthermore, even if the wall of ten people is broken, and the Diet can be dissolved, the public will not allow it to happen. People will certainly voice their concern over what may happen to the economy without a budget, and what politicians want to do should be postponed until the time when doing so has no effect on the lives of the citizens.

If so, once a budget is passed, it is quite conceivable to reach a danger zone. It is possible, therefore, to have a general election in April this year at the earliest in conjunction with the unified local elections, or in June in the form of a double election with an election for the House of Councilors. Some SDPJ Dietmen may revolt against the Murayama administration and try to have it dissolved by cooperating with the NFP, notwithstanding whether they will join the party in the future. There is nothing strange about the possibility of such a movement.

In addition to the passing of a budget, there is another factor that may cause dissolution of the Diet. That is when the LDP comes to believe that it can win in a general election. Even if it cannot capture the majority, it will probably take such a step as long as it feels certain that it can gain political control. As if to follow this scenario, those Dietmen who have been approved as official candidates will begin to prepare for their election campaigns. If that happens, the tide of election campaigns may take a reverse flow from local regions to the center of the government.

### A Scenario for the LDP's Overwhelming Victory

Then, when a general election takes place, a determining factor for the next round of the political situation is how the seats in the Diet will be allocated.

Based on the advisory opinion issued on 11 August last year, and assuming that the final decision on redistricting would be the same as Kaifu's proposal, "Asahi Shimbun" and "Yomiuri Shimbun" estimated possible election results. According to their estimate, if the SDPJ, the Sakigake, and the LDP cooperate in election campaigns and nominate unified candidates by acting like a single party, they will win an overwhelming victory, capturing 220 to 330 seats. The NFP will be able to secure about 140 seats at most.

On the other hand, if the NFP absorbs all of the SDPJ and the Sakigake and runs against the LDP, it will be able to win more than 300 seats, and the LDP will secure about 150 to 170 seats. In short, depending on whether the SDPJ and the Sakigake become inclined to the LDP or to the NFP, election results will be completely opposite.

What will happen if the election takes place under the tripolar structure of the LDP, the NFP, and the SDPJ with the Sakigake as Kubo has been advocating with zest? According to the estimate made by "Asahi Shimbun," the LDP will capture about 180 seats, the NFP 230 seats, the SDPJ with the Sakigake 66 seats.

This composition is the same as what it is now; under the bipolar structure, the SDPJ with the Sakigake will still have a casting vote, even though the number of their seats in the Diet will be reduced. Likewise, also, even though the NFP will secure 230 seats, it will remain as an opposition party.

What's important here is the NFP's number of seats, 230. This number is the same as what the LDP had in July last year when it became an opposition party. As time went by, the LDP became weak, and was on the verge of break-up. With that number of seats, it wanted to take part in the reigns of government, no matter which party, the SDPJ or else, it would have to join hands with.

Subsequently, the Murayama Cabinet was created. Therefore, it is possible that the NFP may weaken this time.

According to a recent estimate made by two political commentators that takes into account the proportional districts as well, the LDP will win 240 seat at most, the NFP 170 or 180, the SDPJ with the Sakigake 80, and the Japanese Communist Party and independents about 10. Although this estimate is based on an assumption about some undecided factors, it is the most updated one at present, and I agree to it.

As the majority is 250 seats, it is necessary to secure 260 seats if a party wants to gain a sole control over the government. Therefore, it seems difficult for the LDP to win a overwhelming victory and become a single leading party.

However, the LDP's winning 240 seats means that it will be able to gain political control if it can secure 20 more seats. This means that if the LDP joins hands either with the "Sakigake," the "SDPJ," the "Sakigake with the SDPJ," or the "former Shinseito without Ozawa," it will be able to gain the majority. There certainly exist within the Shinseito about 20 people who will be ready to return [to the LDP], if they are asked by the LDP, "Don't you want to join hands with us? After all, our policies are the same." Or, a simple arithmetic indicates that there exist 52 such individuals (those voted for Hata during the election of party president). In the end, they are all simply seeking political power.

As examined above, although there are several possible combinations [of party alliance], a strong possibility seems to be a coalition government centering around the LDP. If so, the Komeito may say, "We beg you to let us join your group." It doesn't seem too much of a conjecture to say that the Komeito has already considered this in its recent decision to use the two-way method of splitting itself up.

In other words, the NFP's future is quite bleak.

In any event, the next general election will determine changes in allocation of the number of seats and of the pie of the political world through decisive judgments by the citizens. This is the most reasonable way of restructuring the political world. Based on such results, groupings will be automatically determined in this era of full-scale coalition. Here, the LDP will likely be the one to become most spirited. Once it decides to capture 260 seats in any way possible, it will work out a "coalition of conservatives with conservatives" [Ho-ho rengo] as long as their policies are similar in nature. In other words, a likely scenario is that after having lost its status as a single leading political party, the LDP broke up, but the broken-up parts will become one again.

If that is the case, a question arises as to what has been accomplished through the political reform. This point requires a serious analysis.

### Three Satellites Circling Around the LDP

I don't believe that the LDP had made wrong policies after the end of the war. There might be some problems with its foreign and domestic policies, but overall the party didn't make major mistakes. That's the reason why the NFP says the same things as the LDP did, and so does the SDPJ.

What was wrong with the LDP is corruption. Lockheed, Recruit, and Sagawa Express—in all these three major corruption cases, the Tanaka faction, the then center of power, was involved. It was Kakuei Tanaka in the case of the Lockheed scandal, Noboru Takeshita in the Recruit scandal, and Shin Kanemaru in the Sagawa Express scandal, although Nakasone also entered the picture during the course of investigation of this case.

And, the NFP that was created by Ozawa, Kakuei Tanaka's DNA, became strangely enoutgh "another LDP." This party is exactly the same as the LDP prior to the political reform and restructuring. The former LDP, a direct reason for political reform, should never be reborn.

Therefore, the LDP must reform itself thoroughly to the extent of being able to say, "We will never again engage in corrupt activities. We will resign immediately if we get involved in corruption." By going through self-examination and appealing to the citizens that its resolution is its official promise, it must get ready to undergo an ordeal of dissolution and general election as a second stage of political reform. If it doesn't do so, it will be the same as Ozawa's "second LDP."

Japan is now in the period of restructuring. The power of politics is essential for the restructuring to succeed. What's most important here is to eradicate the distrust in politics. And, as the main cause for distrust in politics was corruption, it is necessary to discard the obsession with individual and factional interests and benefits and bring about politics that will focus upon how the nation can be improved and developed.

However, an impression remains that the LDP has returned to the political reign too quickly. Other parties have been trying to use the restructuring as an antidote and transforming themselves into new parties. But, the LDP is trying to restructure itself by neither dissolving itself nor creating a new party. Can it be trusted?

The LDP has not reached the point of being able to win the majority yet. Historically speaking, it is inconceivable for such a party, which conducted itself in such a disorderly and irresponsible manner, to suddenly regain its honor. It would be the same thing as saying that this man is an excellent person only if he stops drinking and gambling. As the LDP is still at the stage of contemplating whether or not to stop drinking and gambling, we cannot judge readily whether it is actually going to stop doing so.

The reason why I am so suspicious is that those who have been backed by Takeshita are becoming high-spirited again. If in the future those from the LDP's former Takeshita faction—that is, Ozawa's rivals—begin to throw their weight around, the public will soon be disgusted. If Nakasone or Takeshita comes to the fore, that will be the end. Although they may use all sorts of flowery words and make reasonable statements, they are now nothing but a hindrance to restructuring in Japan.

Kajiyama and Obuchi are also no good. Obuchi in particular, although he is considered as a good person, is merely speaking through Takeshita as a ventriloquist. Whenever Obuchi is talking lively, it is most likely the case that Takeshita is also in high spirits.

As Obuchi has been high-spirited these days, I can't help thinking that the next prime minister will be Takeshita again, not Kono or Hashimoto. If Takeshita, who is surviving simply because of his personal connections, is in good shape, he will certainly become another Kakuei Tanaka.

Ozawa has been extremely careful about Takeshita. One of the reasons for his trying to vanquish Takemura is that Takemura became close to Takeshita. Now, Takeshita is trying to choke off Ozawa. He must be thinking that Ozawa will never be able to regain his power.

According to an editor of a weekly magazine, Takeshita has been saying, "The LDP is an earth, and there will be about three satellites circling around it like the moon." It is needless to say that these three satellites are the "Sakigake," the "SDPJ," and the "former Shinseito."

Takeshita somehow seems to be thinking like I.

The public should keep an watchful eye on this. It will be intolerable if the end result of reform and changing alignment of political parties is a return of money-soaked Tanaka's politics.

## * Journal Profiles Finance Ministry Personnel

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[Article by KANKAI editorial staff]

[FBIS Translated Text] Called "the government agency among government agencies," the Ministry of Finance (MOF), which reigns over the bureaucratic organizations of Kasumigaseki, is accepting with a noticeably complex response the birth of the Murayama coalition regime with the Liberal Democratic Party (LDP), Social Democratic Party of Japan (SDPJ), and new party Sakigake [Harbinger]. The policy issue of tax system reform was settled by a three-year lead tax cut and boosting the consumption tax rate starting in April 1997. The MOF is responding "as well as possible considering the political situation" (Tax Bureau). However, it is difficult to say that it is clearly on a route headed toward drastic tax system reform for a ministry which is attempting to build a new tax system in preparation for the advent of an aging society and aimed at securing stable financial resources. In compiling the fiscal 1995 budget, which is being done amidst a grim fiscal situation, unusual appropriation pressures, including Uruguay Round agriculture measures, are becoming strong, and the inevitable situation is that development will have rough going.

The MOF scenario, which had laid the groundwork for drastic tax system reform with an income tax cut and an increase in consumption tax as the pillars since the end of last year under the former Hosokawa and Hata coalition regimes, seems to have come to a standstill with the inauguration of the Murayama regime. That is because, although a substantial tax increase route with a consumption tax rate of 7 percent was proposed again in the report of the government Tax Commission, a consulting organ of the prime minister, in June after the setback in the public welfare tax concept of February this year [1994], which aimed at boosting the consumption tax to 7 percent, a virtual change in course was unavoidable due to the change of regimes in June.

In the tax system reform of the new regime, the figure of 5 percent has the lead in a layout where the SDPJ is leaning toward acceptance of a boost in the consumption tax on condition that it be made a welfare revenue source, the Sakigake cites administrative and financial reform as the premise for tax system reform, and the LDP avoids presenting a clear vision while giving priority to maintenance of the regime, and it cannot be denied that there has been no discussion of it as drastic reform and the details have become half-baked.

In addition, there is for the MOF the appointment of Finance Minister Takemura. Unpleasant feelings about Takemura remain strong in MOF with the series of troubles linked to the concept of the public welfare tax because of the year-end problems in compiling the fiscal 1994 budget in his days as chief cabinet secretary in the Hosokawa regime. His relationship with Administrative Vice Minister Saito, an aggressive reformist in his second year in office, who is said to have had a behind-the-scene role in the public welfare tax concept, has attracted attention inside and outside the ministry. Since his appointment, the finance minister has reminded him about bureaucrats being too meddlesome and often mentions reflections on the public welfare tax concept. The vice minister has taken the low posture of "following the intentions of the minister," but it seems that for the time being that they are continuing to sound each other out.

The tasks of fiscal 1995 budget compilation will be how to deal with various appropriation pressures under the urgent situation of a revenue shortfall for two consecutive years, effectively implement a review of budget allocations with provision of social capital for the 21st century, and whether the the brakes can be put on fiscal inflexibility.

Although the government proclaimed virtual recovery of the economy at the beginning of September, it is anticipated that tax revenues will be as sluggish as ever, centering on corporate taxes, and the MOF will be forced to reduce the draft request total of the 76 trillion yen level which closed the end of August to the 73 trillion yen level by the end of the year.

However, requests of the various ministries and agencies, such as Uruguay Round agricultural measures, bullet train provision problems, the new gold plan and other aging society measures, and the Japanese version of the information highway concept, are jostling with each other. The resurrection of so-called tribal Diet members with the restoration of an LDP regime has been pointed out, and it is a kind of headache for the MOF. Rough going in reconciliation concerning the public investment prioritization framework (total 300 billion yen) for new facilities where the requests of ministries and agencies are competing is inevitable.

One focus is the handling of defense expenditures. It is the intention of the SDPJ to make curbing of defense expenditures a symbol of the dovish tone of the Murayama regime, and the draft request, an increase of 0.9 percent over the budget of the previous fiscal year, was the lowest increase since fiscal 1961 when the budget draft request standard (ceiling) was introduced. The Defense Agency was restricted in the draft request to half the appropriation of the new burden for expenses of stationing U.S. forces in Japan, for which they are bearing the full amount in a public pledge to the United States, and they are prepared to resist further reductions with political problems as the lever, and it seems there will be trouble with political negotiations at the end of the year such as on appropriations for other expenditures.

In regards to agricultural measures, it seems that a revision of the fiscal 1994 budget will surface at an early date. The Japanese economy finally has taken the first step to recovery, and the disposal of the bad debts of financial institutions, centering on city banks, also is proceeding, but it seems the problem of disposal of bad debts in home loan institutions will be a future task of financial administration.

Since the three-bank merger of Tohoku secondary regional banks aimed at establishment of the "Heisei Bank" ended in failure, financial reorganization is not necessarily proceeding per the scenario of the Banking Bureau. The ministry approved the rescue of Nippon Trust Bank by making it a subsidiary of Mitsubishi Bank, but it seems the true value is questioned as to whether a soft landing is possible in supervisory administration with a market emphasis from the "convoy method."

What cannot be ignored as the environment engulfing the ministry is the trend for review of the bureaucratic system and its regulations. The Secretarial Division has begun scheming so that it will not become narrowly confined at the outset in personnel exchanges with the private sector, but a sense of slight machinations still cannot be avoided.

Now that Japan has become an economic superpower competing for first or second place in the world, a review of the role of the system that realized postwar rehabilitation and high growth, thorough understanding of market principles, and creation of a free system that draws out the vitality of the private sector is sought.

With the passing of "one dollar equals 100 yen," the high yen where "a two-digit yen era" has taken root is pressing for expansion of domestic demand by relaxation of regulations and correction of the domestic-foreign price differential. If errors are made in dealing with that, an undermining of goods, money, and people will be left, and the economic superpower may end as a momentary dream. The responsibility of MOF which holds powerful authority is great.

### Finance Minister, Parliamentary Vice Minister, and Administrative Vice Minister

Finance Minister Masayoshi Takemura (60) was appointed at the end of June. He is called by the nickname "Papa Troll" because of his warm appearance, but it is said that he also is tough and brash. His large body is the result of his unsatiable craving for food. He comes from Shiga Prefecture. He graduated from the Economics Department of Tokyo University and entered the Ministry of Home Affairs in 1962, and is known for his unique policies such as "the bicycle city proclamation" as mayor of Yokaichi city in Shiga Prefecture, a position to which he was elected at the age of 36. In his days as governor of Shiga Prefecture (3 terms), he enforced the "Lake Biwa Ordinance," leaning toward a passion for environmental problems, and undertook administrative and financial reforms such as promoting a reshaping of prefectural finance.

Since winning his first election in 1986, he has been elected to the House of Representatives three times. When he was unable to realize political reform in the LDP, he left the party with nine sympathizers, formed the New Party Sakigake, and was appointed head of the party. He served as chief cabinet secretary in the Hosokawa regime, but there was an alignment opposed to Hosokawa which leaned toward Ozawa, the Shinseito representative secretary general. Afterward, from outside the cabinet he continued to criticize the running of the regime led by both the Shinseito and Komeito parties, and demonstrated his strategist style in the birth of the LDP-SDPJ coalition regime with the establishment of the small Sakigake as the adhesive agent.

He has been busily engaged in political reform since his LDP days. He has a fat pipeline with LDP reformists, such as Gotoda, former deputy prime minister and justice minister, and with former prime minister Takeshita.

For Finance Minister Takemura, there is a strong connection with the government office of the MOF. After the fiscal 1994 year-end budget compilation problem at the end of last year in his days as chief cabinet secretary, he opposed the MOF in the public welfare tax tumult in February this year. His delicate relationship has continued with Vice Minister Jiro Saito, the top administrator who is said to have played a behind-the-scenes role in the public welfare tax.

In cabinet meetings directly after inauguration of the Murayama government at the end of June, the finance minister acknowledged "not putting in a word about his remaining in office" for Vice Minister Saito when faced with statements by some of the cabinet that "he should be fired" along with Vice Minister Kumano of the Ministry of International Trade and Industry who had created a big tumult with an officer personnel problem. Since then, he has maintained outward equanimity with the vice minister.

However, it is also said that there was a period when the finance minister, who is stressing procedural theory in tax system reform, leaned toward separate handling of tax increase and tax decrease bills, and the reconciliation between Takemura, who properly wears two hats as head of Sakigake and finance minister, and the mainstream faction of MOF, which emphasizes finance, probably will encounter a crucial moment in budget compilation.

The parliamentary vice ministers who assist the finance minister are sent in from the LDP and SDPJ, embodying the three-party coalition. The new Parliamentary Vice Minister Kyogon Hagiyama (House of Representatives, LDP Watanabe faction) was born in 1932 and is 62 years old. After graduating from the Law Department of Ritsumeikan University, being director of the agricultural cooperative of Himi city, Toyama Prefecture, and serving two terms in the prefectural assembly, he won his first election to the House of Representatives in 1990. Having served as secretary to deceased Diet member Matsutaro Shoriki and aspired to be a Diet member, he is a willful person who succeeded in winning election in his fifth contest. His interests are tending orchids and gardening.

The new Parliamentary Vice Minister Satoshi Ishii (House of Representatives, SDPJ) was born in 1938 and is 56 years old. After graduating from Uji-Yamada High School, Mie Prefecture, having experience as a company employee, and serving two terms in the municipal assembly and two terms in the prefectural assembly, he won his first election in 1990. Former Diet member Takao Fujinami, who was found innocent in the first Recruit trial, was senior to him in high school and from the same electoral district, but the Recruit affair made him resolve to run for the House of Representatives. He sports thick eyebrows equal to those of the prime minister, and he burns with a passion for political reform. His hobby is reading.

The one who directs MOF administration as head administrator is Administrative Vice Minister Jiro Saito (1959, Tokyo University Law). He has taken the path of a strongest vice minister in the first two-year term since former vice minister Yoshihiko Yoshino (currently president of Japan Development Bank) six terms before him. He has long been in the budget field, an elite course, and in his days as budget officer, he was in charge of construction and public works. He has gone the typical vice minister course as chief of the Documents Division, director of Kinki Regional Finance Bureau, vice director of Budget Bureau, chief secretary of the Economic Planning Agency, and director of the Budget Bureau.

It is said that he is an expert in creating budgets and proposed the draft request standard (ceiling) that was introduced out of necessity to put the brakes on ballooning finance. He reveres Vice Minister Yoshino, who has faith in finance.

His "protrusive" style in the public welfare tax concept invited criticism and made an unexpected mess of it. The same concept of the Hosokawa regime to boost the consumption tax to 7 percent was considered by the MOF to have been promoted by Ozawa, and the concept was withdrawn one night after the announcement because of opposition by the SDPJ and others. As a result, the income tax cut was made in a single fiscal year, was considered to have become the great cause of the breakdown in the U.S.-Japan summit talks in February, and some charged the vice minister with responsibility.

When he was criticized for going around explaining the necessity of boosting the consumption tax to the financial world and media and being too forward as a bureaucrat, he asserted, "It is not a fool's errand." He rarely shows emotion, but he ranks at the top in assertiveness. Currently, perhaps bearing in mind that it is a time to remain in obscurity, he only states the minimum necessary in interviews and cries of disappointment are heard from reporters, but his support within the ministry is as strong as ever.

His convictions about protecting the Japanese finances and rational thinking about everything has been influenced by his experience of twice being stationed in Germany. He spent a total of over six years in the nation of rationalism, having been stationed in Frankfurt with the International Tourism Promotion Society from 1965 to 1968 and active as a councilor in the Japanese Embassy in Germany from 1976 to 1979. He is the best German expert within the ministry.

Since his father worked in the Research Department of the Southern Manchuria Railway Company, he was born in the former Manchuria (northeastern part of China) and returned to Japan when a sixth grader (12 years old) in primary school. At the advice of his father who "was a left winger and said Japan would lose in the war," he chose the path of public servant.

"We must maintain the healthiness of public finance so that it can act when the private economy cannot perform its role." He is not a believer in the supremacy of public finance. However, the Japanese economy is experiencing the greatest recession since the war and a rapidly rising yen. Concern for economic hollowing is stalking us while we are unable to breakaway from a surplus constitution. Public finance is steadily worsening with outstanding government securities at the end of fiscal 1994 amounting to 200 trillion yen. The task is how to make use of his thorough experience in fiscal management and the international field.

His nickname of Densuke [a kind of gambling] comes from his love of mahjong. Feeling limits to his physical strength, he has switched to the game of go, but has real ability at the amateur fifth rank. Assistant division chief Mitsutaka Inagaki (1980, in charge of planning) of the Coordination Division, Budget Bureau, is the son-in-law of Vice Minister Saito.

### Minister's Secretariat

The aim of the Secretariat is to coordinate and supervise the primary bureaus. The MOF is said "to be bureaus without a ministry," but the importance of the Secretariat is increasing further because of monetary deregulation, such as reciprocal extension of banking and securities services, progress in the internationalization of the Japanese economy, and, in addition, the strength of criticism against the ministry.

Secretary General Takeshi Komura (1963, Tokyo University Law) has the role of right-hand man. His gentle expression contrasts with the vice minister. However, the strength of his rather tight-lipped core is considerable. Since his time in the Coordination Division, Budget Bureau, where he was posted when he joined the ministry, he has spent a long time in the budget field, but he has had the experience of temporary transfer to the Okinawa Development Agency and Environment Agency (chief, Insurance Planning Division), and also served as superintendent in two tax offices in the Yawatahama and Nagoya Nakamura Districts, and thus he has had broad experience as a public servant.

He has risen in the mainstream of the Budget Bureau via the route of budget planning officer, budget officer (in charge of health and welfare and labor), chief of the Legal Division, Budget Bureau, chief of the Coordination Division, Budget Bureau, and deputy director of the

Budget Bureau, and is in his current post after successively serving in the vice ministerial post of secretary general of the Economic Planning Agency.

He always phones his home in Machida before leaving the office and is a family-man who enjoys going out with his wife. He comes from Wakayama Prefecture.

The senior councilor is Kazuhiko Takeshima (1965, Tokyo University Economics). He is the ace of the 1965 group. After successively serving as budget officer for regional finance, subsidies and finance, and agriculture, forestry and fisheries, he served two years as deputy director of the Budget Bureau via the vice ministerial course of chief of the Documents Division and director of the Kinki Regional Finance Bureau. He comes from Hokkaido and went from Sapporo Minami High School to the Tokyo University School of Economics. He is one of the few MOF officials in the field of economics.

He is a gentleman with a sincere personality and has many female fans in the ministry. He has had the experience of a temporary transfer to the Organization for International Economic Cooperation (headquarters, Paris). As senior councilor, he works on studies such as economic measures and the revised budget to put the Japanese economy on the track for a business recovery and on negotiations with the coalition ruling parties and opposition parties.

The chief of the Secretarial Division for the third year is Takashi Sugii (1969, Tokyo University Law). He is young, and was promoted over others to chief of the Secretarial Division after serving as budget officer in charge of planning responsible for devising the budget strategy. He is a giant of a man who is open-hearted and frank, but he also has the subtlety befitting his job. Via his experience of a temporary transfer to the Bank of Japan, he is friends with Director Fukui of the Bank of Japan and other candidates for future governor of the Bank of Japan. He has served as budget officer in charge of health and welfare and also is the author of "Future Medical Care."

The chief of the Documents Division is Okikazu Hosokawa (1970, Tokyo University Law). In the days of his previous appointment as budget officer in charge of planning revenues, he was active in the establishment of the largest comprehensive economic measures in the past. He repeatedly has demonstrated an ability to create revised budgets. As a secretary to the chief cabinet secretary for the three terms of Gotoda, Obuchi, and Shiokawa, he has much personal experience with tax reform and the Recruit affair. In his days as budget officer in charge of defense and agriculture, forestry and fisheries, he worked diligently in dealing with the Gulf War and new farm policy. His hobbies are reading and watching sports.

The chief of the Secretariat Research Division is Tokuro Saka (1970, Tokyo University Law). He has had broad past experience in the International Finance, Banking, Tax and Budget Bureaus. He had a temporary transfer to the Ministry of Foreign Affairs, and also has had the experience of working in the Japanese Consulate in New York. With his experience as budget officer in charge of the Prime Minister's Office, justice, and police, he is valued for his synthesis capability and was promoted over others from chief of the Small Banks Division. His immediate tasks are verification of the effectiveness of economic measures and revised budget measures to confirm that the Japanese economy has gotten on track for recovery. He possesses a calm demeanor that suits his hobbies of reading and gardening.

The chief of the Accounts Division is Shigeru Kobayashi (1969, Tokyo University Economics). He came to his current position via the post of chief of the Secretariat Control Division. He also has had experience working in the Japanese embassy in Brazil.

The chief of the Regional Division is Hiroyuki Shiraishi (1970, Tokyo University Law). He came to his current position via the post of chief of the Second Fund Planning and Operation Division, Financial Bureau. He has had experience working in the Japanese embassy in France.

**Budget Bureau**

Kyosuke Shinozawa (1960, Tokyo University Law) is in his second year as director of the Budget Bureau after being secretary general, and he holds the leadership of the Budget Bureau, which is the nucleus of the MOF. From the posts of assistant budget officer in charge of construction and variously budget officer for education and health and welfare, he has taken the Budget Bureau elite course of chief of the Coordination Division and deputy director, and was Secretariat senior councilor in 1989. Afterward, he served as director of the Financial Bureau and secretary general, and it seems certain that he will be the next administrative vice minister.

He has spent almost all his time in Tokyo except for one year in the Budget Division, Financial Department of the Kinki Regional Finance Bureau, and two years at the Asia Economic Research Center (residing in Argentina). He has built a broad network with temporary transfers to the Ministry of Foreign Affairs and Administrative Management Agency and has experience as assistant to the chief of the Coordination Division, Securities Bureau, and chief of the Public Relations Office, which is the interface with the media. He is in the same class as Shizuka Kamei (currently minister of transport) of the Liberal Democratic Party, and it is a famous story that the two are of like-minded. Tadao Chino, previous vice minister of finance for international affairs, (currently, vice president of the Agriculture, Forestry and Fisheries Finance Corp) joined the ministry in the same year.

In his middle and high school days, he was a middle-distance runner in field and track. In his university days, he was in the cheering section and played in a brass band with his junior, Nobuyuki Teramura, director general of the National Tax Administration.

Due to his buoyant personality, he probably draws in others to his own pace before they know it. His whole reputation in the ministry is that he particularly demonstrates distinguished capability in handling difficult negotiations.

In the financial securities scandal that surfaced directly after his appointment to secretary general, he was busy reconciling the industry and the various bureaus in the ministry that are strongly independent, and while he dealt sincerely with the great chorus of administration criticism, he carried out the MOF position and linked it to establishment of a Japanese version of the SEC (Securities and Exchange Commission). Under the Hosokawa regime, he exhausted all efforts in a review of public works project allocations based on the criteria of providing for the daily life environment as A, preservation of the country as B, and providing for the industrial base as C as indicated by the Fiscal System Council (finance minister advisory organ).

The top of the three vice directors who support Shinozawa is Toshiro Muto (1966, Tokyo University Law). After serving for two years as chief of the Secretarial Division, he was appointed vice director in 1992, and this is his third year. Besides overall general management, he is in charge of education, health and welfare, labor, transportation, and posts and telecommunications. He has successively served as budget officer in charge of education, construction, and public works projects in the Budget Bureau. What has left the deepest impression on him in terms of work are his days as department chief in the Ishikawa Prefectural Office (chief of Commerce and Labor Department, chief of General Affairs Department) and in terms of daily life, his days as first secretary in the embassy in the United States.

Yoshio Nakajima (1966, Tokyo University Law) is in charge of the Prime Minister's Office, agriculture and forestry, construction, and public works. It is common for the three vice directors to be one year apart in the chronology of joining the ministry, but he is the same year class as Muto. Moreover, he has continued to serve as vice minister for two years in the same year class. After being chief of the Coordination Division, Budget Bureau, and having been private secretary to Prime Minister Miyazawa, he was appointed vice minister in the 1993 personnel changes. He has a broad range of hobbies such as collecting fossils, the game of go, and classical music appreciation.

Kazuhiko Fuseya (1967, Tokyo University Law) became vice director in the personnel changes this year after being director of the Kinki Regional Finance Bureau. He is in charge of defense, regional finance, foreign affairs, and international trade and industry. He has traveled the Budget Bureau mainstream as budget officer in charge of education and public works, chief of the Legal Division, and chief of the Coordination Division. It is said that he is the most right wing of the 1967 group in the vice minister race. Despite his elite course career, he has, on the contrary, a candid personality. He is popular in the ministry. Tennis is his hobby.

The chief of the Coordination Division is Tsunekazu Haraguchi (1970, Tokyo University Law). Along with general control of the 12 budget officers, he is a key man in the Budget Bureau who negotiates with the ruling parties and others outside and also has the role of spokesman for budget compilation. He has successively served as budget officer in charge of transport, posts and telecommunications, and regional finance. He was appointed in the personnel changes this year from chief of the Legal Division. His hobby is mahjong.

The budget officer in charge of planning in the Coordination Division who has the responsibility of planning and drafting the overall budget is Hiroyoshi Tsuda (1972, Tokyo University Law). He has had long experience in the public works project field.

The various budget officers are Katsutoshi Kaneda (1973, Hitotsubashi University Economics) in charge of the Prime Minister's Office and justice and police, who came to his current position in 1993 from chief of the Allowance Control Division. Keizo Goto (1973, Kyoto University Law) is in charge of defense; Yasutake Tango (1974, Tokyo University Law) is in charge of health and welfare and labor; Takatomo Sato (1973, Hitotsubashi University Law) is in charge of foreign affairs and international trade and industry; Kazumoto Sugimoto (1974, Tokyo University) is in charge of agriculture and forestry; Yukitoshi Kimura (1972, Tokyo University Law) is in charge of education and science and technology; Kiichiro Masui (1973, Kyoto University Law) is in charge of transportation and posts and telecommunications; Katsunori Mikuniya (1974, Tokyo University Law) is in charge of regional finance and finance and served as private secretary to previous finance minister Fujii; Jiro Makino (1973, Tokyo University Economics) is in charge of construction and public works; and Michito Ishii (1974, Tokyo University Law) is in charge of the Legal Division.

Motonori Tagashira (1960, Onomichi Commercial School), who is the budget officer in charge of general control of the Coordination Division, is the ace of the noncareer group who is called Mr. Veteran. It is an important post in budget administration.

Hidehito Fujii (1971, Kyoto University Law), who is chief of the Legal Division, which is in charge of the legal aspects of the budget, was appointed from the position of budget officer in charge of foreign affairs and international trade and industry. The chief of the Research Division is internationalist Naoyuki Sasahara (1975, Tokyo University Economics); chief of the Mutual Assistance Insurance Division in charge of national public servant mutual assistance is Tadaharu Matsukawa

(1975, Kyoto University Law); and chief of the Allowance Control Division is Katsuhiko Nagao (1974, Tokyo University Economics). Masaaki Noda (1957, Fukushima High School), chief of the Fiscal Division in charge of accounts and the deputy chief of the Accounting Center, is in his third year. His previous post was that of Budget Officer Tagashira's, and he is well-versed on the overall budget.

**Tax Bureau**

Among the various MOF bureaus, the Tax Bureau is a small establishment with a total of fewer than 100 staff members. It is under one-third the size of the Budget Bureau where the number of bureau personnel exceeds 350. For this one year, the Tax Bureau, challenged with drastic tax system reform, with an income tax cut, and a boost in the consumption tax as the pillars, has continually been at the mercy of the tumultuous political situation. The tax system has been called politics itself since the national system was born in the history of mankind, but the cabinet has changed three times in a one-year period.

Former Prime Minister Hosokawa brought up the concept of a public welfare tax in February this year [1994] and indicated that the consumption tax (currently 3 percent) would be raised to 7 percent. Since the concept was introduced so suddenly, however, it incurred the opposition of the SDPJ, which had joined the coalition regime at that time, and of public opinion, and the concept was retracted in one night.

Vice Minister Saito from the budget field and the Budget Bureau took the lead in this welfare tax concept, and under Prime Minister Hosokawa, who had the strong support of the people, it is said that they tried to settle it all at once by going over the head of the Tax Bureau. Ultimately, it did not see the light of day, but bad blood still remains between the Tax and Budget Bureaus.

After that, political power shifted from the Hata Cabinet to the Murayama Cabinet, and tax system reform has continued to be the biggest economic issue of the new regime. Under the new regime in which the head of the wary SDPJ, which is opposed to boosting the consumption tax, has been installed as prime minister, tax system reform is considered "an effort to be realized within the year." At one time, the mood for postponing reform had become strong within the SDPJ, not to mention within the LDP and Sakigake, but ultimately criticism of "a cabinet that postpones the issues" was feared and they have focused on reform.

Analyzing the contents of that reform, however, shows that although an income tax cut of 5.5 trillion yen on the same scale as this year will be implemented in 1995 and 1996, 2 trillion of this is considered an economy measure tax cut and will be discontinued in 1997 when the consumption tax rate is raised to 5 percent, and the contents are said to be half-baked.

For the MOF, however, although compromise on the margin of the consumption tax increase could not be avoided, they have succeeded in routing an increase.

Personnel changes in the tax system reform shift were only on a small scale. At the top is Sunao Ogawa (1962, Tokyo University Law ) who is in his second year as bureau director. He has successively served as budget officer in charge of the Legal Division and in charge of defense in the Budget Bureau, but he has traveled the elite course in the tax field as chief of the Second Tax Division, chief of the First Tax Division, chief of the Coordination Division, and councilor in the Tax Bureau. Afterward, via the post of senior councilor in the Minister's Secretariat, he was active in the establishment of the Securities and Exchange Surveillance Commission (Japanese version of SEC). As director of the Securities Bureau, he was praised for taking firm control of the securities industry after the securities scandal. Some time ago, he successively served as private secretary to Takeshita, first when he was finance minister and later when he became prime minister. He has realized tax system reform, and it is said that he is certain to be the administrative vice minister after next.

There are two councilors who assist Ogawa. Greeting the third year of his appointment, Nobuaki Usui (1965, Tokyo University of Economics) is a tax pro, having successively served as chief of the Research Division, the Third Tax Division, the Second Tax Division, and the Coordination Division of the Tax Bureau. He also had rich field experience at the start in the Research Department of the Osaka Tax Bureau, which is known for its complete investigations, and as head of the Ise and Meguro District Tax Offices. He is widely known to politicians in both the ruling and opposition parties, and has become a leading actor in realization of tax system reform.

His hobby is drawing pictures, and he even creates the atmosphere of an artist with his prematurely gray hair in relating the troubles of tax system reform.

The other councilor is Yoshio Ohara (1968, Tokyo University Law). In June last year, he went from chief of the Coordination Division, Tax Bureau, to the Kantei as private secretary to Prime Minister Miyazawa. He returned to his old nest after serving Prime Ministers Miyazawa and Hosokawa. Like Usui, his prematurely gray hair is a trademark. After his return to the Tax Bureau, he has served a big role in realization of reform, promptly rushing about among Diet Members in the ruling party's Tax Research Committee, where powerful men on the tax system are lined up, and explaining the necessity of unified treatment of tax cuts and increases.

Kenichiro Otake (1970, Tokyo University Law) is the chief of the Coordination Division, which was the previous post of Hiroyasu Watanabe (1969, Tokyo University Law), who was appointed director of the Nagoya Regional Tax Administration Bureau. In his early days, he spent a lot of time in the Budget Bureau, but he was assigned to the Tax Bureau after a temporary transfer to Ishikawa Prefecture, and has steadily risen in the ranks as chief of the Third Tax Division, the Research Division, the Second Tax Division, and the First Tax Division, and it is certain that he will lead the Tax Bureau in the future also.

His hobby is cultivating orchids, and the living room of his home is encircled by potted orchids.

The chief of the First Tax Division in charge of direct taxes is Susumu Fukuda (1971, Tokyo University Law). He has had well-balanced service in the International Finance Bureau, Financial Bureau, Budget Bureau, and Tax Bureau. From budget officer in charge of education, science and technology, and culture, he was appointed to the Second Tax Division of the Tax Bureau in charge of indirect taxes last year. He undertook the problem of boosting the consumption tax which suddenly has been the greatest focal point of tax system reform.

The chief of the Second Tax Division in charge of the consumption tax is Hiroshi Watanabe (1972, Tokyo University Law). He is a theoretician said to be the ace of the next generation in the Tax Bureau. His appointment as private secretary to the finance minister was proposed, but the Tax Bureau would not let go of him. He is soft spoken and well known from having served on temporary transfer in the Export-Import Bank of Japan. He is a fan of mystery novels.

The chief of the Third Tax Division in charge of property tax is Hiroshi Takeuchi (1973, Tokyo University Law). In his days as councilor to the International Finance Bureau, his performance while in charge of the U.S.-Japan structural talks earned praise, and his former job was chief of the International Tax Affairs Division of the Tax Bureau. This will be the second year for Shigeki Morinobu (1973, Kyoto University Law) as chief of the Research Division in charge of overseas tax systems. While on temporary transfer to the Ministry of Foreign Affairs, he served in the Japanese Embassy in the former Soviet Union and in the Los Angeles consulate, and is well-versed in conditions abroad. The chief of the International Tax Affairs Division which reconciles taxation friction between countries such as the taxes of overseas subsidiaries of Japanese companies or of foreign companies in Japan is Daisuke Kotegawa (1975, Tokyo University Law). After a temporary transfer to Yamagata Prefecture, he had the experience last year of being chief of the Coordination Office, Coordination Division, International Finance Bureau. He is an international expert, having been dispatched also to the International Bank for Reconstruction and Development.

### Financial Bureau

The fields under the charge of the Financial Bureau are broadly diverse, such as handling the treasury investment and loan plan, which is called the "second budget," the sale of NTT [Nippon Telephone and Telegraph] and JT [Japan Tobacco] stock, government bond issue plans, and in addition, the management of national property. Its role has been strengthened especially in treasury investments such that it can be called the "first budget," exceeding general expenditures by over 8 trillion yen with the planned amount in the initial budget this fiscal year being over 47.8 trillion yen.

Director Koji Tanami (1964, Tokyo University Law) administers the Financial Bureau. He had various important posts in both the Budget and Tax Bureaus, being budget officer in charge of defense and regional finance and deputy director in the Budget Bureau, and chief of the First Tax Division in charge of direct taxes and councilor in the Tax Bureau. He excels in a balanced sensibility and demonstrated ability as senior councilor in handling the emergency economic measures worked out in September last year by the Hosokawa cabinet and the comprehensive economic measures which achieved the largest scale in history at a total of 15 trillion yen.

The Murayama cabinet has set out a course of putting all their strength in promotion of administrative and financial reform along with tax system reform. In the problem of consolidating or abolishing special corporations that are treasury investment institutions, which has become a big task in that administrative reform, a response is sought from a mid- to long-term viewpoint while looking hard at the ideal treasury investment system of the future. Expectations on Tanami's broad experience and coordinating capability from the this point also have been strongly voiced.

The two deputy directors who assist Tanami are Tetsuro Saito (1968, Tokyo University Law), who is in charge of finance, and Takeharu Okitsu (1968, Tokyo University Law), who is in charge of national property. After serving as budget officer in charge of health and welfare, Saito has made use of his experience in traveling the financial mainstream as chief of the Financial Bureau Government Debt Division, the First Fund Planning and Operation Division and of the Coordination Division, and has become a strong right hand to Tanami in treasury investment planning. It seems that Okitsu's valuable experience when he was temporarily transferred as chief of the Real Estate Department to Japan Tobacco Inc. has been put to use in control and management of national property. Yasushi Suzuki (1968, Tokyo University Law), the councilor for tobacco and salt enterprises, has demonstrated rich experience relating to national property and conducts his work with reliability. Fumio Inui (1970, Tokyo University Law), chief of the Coordination Division, is a finance pro who has followed the mainstream as chief of the Government Debt Division and the First Fund Planning and Operation Division. Beneath him, the ones in charge of establishing specific treasury investment plans are Tatsumaro Terazawa (1971, Tokyo University Law), chief of the First Fund Planning and Operation Division, who entered the Financial Bureau from the position of budget officer in charge of agriculture and forestry, and Yuzo Harada, chief of the Second Fund Planning and Operation Division (1972, Tokyo University Law), an internationalist with foreign study experience at the Harvard University International Affairs Institute.

The government bond issue program, where the issue balance at the end of this fiscal year will exceed 200 trillion yen, is a topic that is attracting much attention. Nobuhiko Kawakami, chief of the Government Debt Division (1971, Tokyo University Economics) directs the issuance of government bonds. He has had the experience of taking chief command of market intervention for the suddenly high yen as chief of the Foreign Exchange and Money Market Division of the International Finance Bureau, but how will he be put to use in dealing with the government bond market? He has attracted much attention inside and outside the MOF as the market standard-bearer. The chief of the Treasury Division in charge of Bank of Japan note issuance management is Takanobu Hashimoto (1971, Tokyo University Law). He was transferred from chief of the Director General's Secretariat Planning Division in the National Tax Administration Agency.

The chief of the National Property Coordination Division, a coordination division chief class post, which controls the management of national property that should be called the second face of the Financial Bureau, is Hiromi Murai (1971, Tokyo University Law). Spirited issues are mounting such as reopening the sale of NTT and JT stock, and in addition, the problem of disposing of property paid for in kind in inheritance tax. Under him, Tetsu Kodaki (1972, Tokyo University Law), chief of the First National Property Division, and Takeshi Iijima (1974, Hitotsubashi University Commerce), chief of the Second National Property Division, are running the administrative work.

### Vice Minister of Finance for International Affairs and International Finance Bureau

It is exactly the 50th anniversary since the conference to discuss the postwar international monetary system framework was held at Bretton Woods in the United States. The world monetary system with the dollar as the axis is continuing a "chartless voyage" via the switch to the 1973 floating exchange rate system. At this juncture, the yen rate in June passed 1 dollar equals 100 yen, and the high yen problem is continuing to be a carefully watched situation for Japan.

It is the whole International Finance Bureau with Kosuke Nakahira (1963, Tokyo University Law), vice minister of finance for international affairs, at the top that is in charge of international monetary policy, including this foreign exchange problem.

The vice minister of finance for international affairs is a vice minister-class post on par with the vice ministers and director general of the National Tax Administration Agency, and he is the person substantially responsible for international negotiations. After being in the budget and banking fields, Nakahira was appointed vice minister of finance for international affairs in July last year after successive appointments as deputy director and director of the International Finance Bureau. Language capability becomes a problem first in international negotiations, but Nakahira was active in English conversation clubs in high school and at university and is an expert, having served as interpreter for the minister since directly after entering the ministry. In addition, he has a persistent aspect such that he has the reputation within the ministry of being "obstinate and irksome," and it is his principle to make completely tenacious assertions consistent with the standpoint of Japan in international negotiations.

This year, which will be his second year as vice minister of finance for international affairs, there has been the big issue of progress in negotiations on the insurance and financial service fields in the U.S.-Japan comprehensive economic conference, which is having rough going, but he has succeeded in agreement with the United States by taking the initiative in two other fields. Moreover, in macroeconomic policy, "in so far as the economic recovery of advanced nations finally is clear, the big issue will be how to maintain growth without causing inflation in the future." Moreover, the endless problems confronting Nakahira are ideal new policy cooperation aimed at foreign exchange stability and the international response to derivatives which are becoming a disturbing force in the exchange rate.

The director of the International Finance Bureau, who supports the vice minister of finance for international affairs, is Takatoshi Kato (1964, Tokyo University Law). He is an international finance ace, having taken important jobs in the International Finance Bureau as chief of the International Banking Division and the Coordination Division, and he has a reputation for solid dependability. Deputy Director Isao Kubota (1966, Tokyo University Law) has served as chief of the Coordination Department for the Overseas Economic Cooperation Fund, and is well-versed in international finance administration. It seems that he has demonstrated real ability amidst the increasing debate on a review of the international monetary system, including the International Monetary Fund (IMF) and the ideal world bank.

The councilors are Haruhiko Kuroda (1967, Tokyo University Law) and Habuku Nakai (1968, Tokyo University Law). Kuroda is a theorist with long experience in the tax field, and Nakai has had experience keeping a sharp eye on the securities market as chief of the Coordination and Inspection Division of the Secretariat of the Securities and Exchange Surveillance Commission.

Yukio Yoshimura (1970, Tokyo University Economics), the chief of the Coordination Division, is an all-around player in international finance who has been dispatched to the International Bank for Reconstruction and Development and served as chief of the International Organizations Division and chief of the International Banking Division.

The chief of the International Banking Division, which supports the activities of Japanese banks abroad is Tatsuro Watanabe (1972, Tokyo University Economics).

The loss of foreign investors in the Tokyo money market has become a problem, and there are many issues such as further relaxation of the exchange market regulations.

Yoshio Kubota (1974, Tokyo University Economics), chief of the International Organizations Division, is in charge of IMF and shoulders an important role in macroeconomic policy coordination in the G- 7. He has made use of his experience of two temporary transfers to the IMF, and action to increase Japan's voice in the IMF is anticipated.

Susumu Fujimoto (1972, Tokyo University Law), chief of the Foreign Exchange and Money Market Division, takes the leadership in market intervention in liaison with the Bank of Japan while keeping a watchful eye on high yen trends.

Ken Yagi (1971, Tokyo University Economics), chief of the Development Policy Division, is in charge of foreign economic assistance, and Kiyoshi Kodera (1974, Tokyo University Law) is chief of the Development Institutions Division, which is involved with international institutions such as the World Bank. The chief of the Development Finance Division is Kiyohito Ido (1973, Tokyo Institute of Technology Science), who comes from the Mathematics Division of the Science Department. The chief of the Research Division in charge of international balance of payments statistics where work is proceeding on a radical review of statistics is Hiroshi Uchimura (1974, Tokyo University Economics). Yoshihisa Ueda (1974, Tokyo University Law), chief of the International Capital Division, has had the experience of being active on the very front line of Uruguay Round negotiations in his days in the Customs and Tariff Bureau.

**Banking Bureau**

The management of financial institutions embracing bad debts due to the great drop in real estate prices of collateral with the burst of the bubble still does not permit optimism, despite extrication from a crisis at one time. Compared to city banks which have huge latent profits in stocks, etc., it cannot be said that the situation has turned favorable for medium to small financial institutions, such as regional banks and below or non-banks which have had continuing difficulties. MOF administration, which has avoided giving great attention to the failure of financial institutions because of giving the greatest priority to maintaining the stability of the financial system, which is called the convoy method, has been pressed to make a review under these grim conditions.

The incorporation of drastic details such as guidance to curb the sale of stock by financial institutions and relaxation of non-taxable depreciation standards in the "Immediate Operational Policy for Financial Administration" in June this year,s set forth in the days of former Banking Bureau Director Nobuyuki Teramura, who was appointed director general of the National Tax Administration Agency, is an expression of those changes. In addition, later guidelines have expressed a policy that positively supports the merger of financial institutions and has given the strong impression of a change in the ministry's financial administration.

However, the concept of three secondary regional banks in Tohoku merging beyond prefectural borders that surfaced this spring received strong opposition from customers and employees, and they were driven to call it off. They had published a conversation which evaluated it as "the model case for future mergers" at the time of the merger announcement, and it became a serious point lost by the ministry, which had welcomed it without reserve. There also has been a trend to relax regulations, and with the previous administrative methods which had controlled industry with powerful skill gradually becoming difficult to use, they are at a crucial point of how they actually will make use of new ideas in financial administration.

For Yoshimasa Nishimura (1963, Tokyo University Law), who was appointed bureau director from director of the Fiscal and Monetary Research Institute, the ability to deal with these difficult issues will be brought to question. In contrast to Teramura, his predecessor, who had served in the Banking Bureau for the first time, he has had three years experience as a councilor. He displayed his skill at the time in creating the foundation for financial system reform, and now a job has come around to cultivate that flower.

He is in the same class as Secretary General Komura, Director Hidaka of the Securities Bureau, and Vice Minister of Finance for International Affairs Nakahira. He participated in establishment of long-term economic plans in his days in the Economic Planning Agency and is strong on macroeconomic matters. Moreover, he served as Osaka collector of customs, and has had experience standing on the very front line in the field. He has the reputation of inner fortitude not matching his smart external appearance, and expectations are great for him as a leader confronting a difficult situation.

It seems like the appointment to bureau director will be for two years for Nishimura, like his predecessor Teramura, and it is a system which has settled down to undertake financial reform and which is facing a turning point. Almost all the occupants of division chief posts have been changed, timed to the appointment of Nishimura, and it has become a lineup which gives the strong impression of a new system.

However, the two councillors, Hiroshi Nagano (1966, Tokyo University Law) and Akio Hanano (1967, Tokyo University Law) both have remained in office. It is a system which soundly assists the new director. Chief councilor Nagano was brought up in the Tax Bureau, where he served up to chief of the Coordination Division. He also has had experience as private secretary in the finance minister days of former Prime Minister Takeshita, who is said to have great influence on the MOF administration, and he has cultivated a politician network. He has been in sunny places as chief of the Documentation Division and director of the Kinki

Regional Finance Bureau, and is one of the aces of the 1966 class group. He is a master of conversation, and their are many subordinates who adore him in the ministry with his affable conversation. Even in the Banking Bureau, to which he has made a return after a long time since his days of assisting the chief of the Commercial Banks Division, he has shown dependable skill in financial deregulation. He is also has a member of the Japanese Wild Bird Society.

Hanano is in charge of regional banks and non-banks. He has been transferred to the role of mediator for an industry which is directly facing austere management. The Financial Bureau where he served as chief of the Coordinations Division has been his career center, and he was appointed from the post of director of the Tokai Regional Finance Bureau. An unexpected development happened in the problem of the three Tohoku banks merger, but consistent with his motto of "listen humbly to the opinions of the other side," he has an honest work style. The biggest issue is handling the home finance companies, which embrace huge loans and bad debts. Because it is an issue that will inevitably shake the financial system, his true value will be brought to question as to whether he can find a solution.

Toshiyuki Tsukasaki (1970, Tokyo University Law) was promoted from chief of the Commercial Banks Division to chief of the Coordination Division. He is a financial specialist with this being his third time as head of a division in the Banking Bureau. Shizuharu Kuboya (1971, Tokyo University Law), budget officer in charge of health and welfare and labor, was appointed chief of the Commercial Banks Division. He has had experience assisting in the First Insurance Division and the Commercial Banks Division and has a fully local sense of financial administration. He is making use of a career which cultivated relationships with politicians in his days as chief of the Third Tax Division, Tax Bureau, and will undertake all the finishing touches to the problem of bad debt disposal, in combination with Nagano.

Yoshio Tamura (1971, Tokyo University Law), chief of the Small Banks Division, and Hirobumi Gomi (1972, Tokyo University Law), chief of the Special Banks Division, both have come to the Banking Bureau from being budget officers. Tamura was private secretary to former Prime Minister Hata is his days as finance minister. Gomi displayed his skill as the budget officer in charge of defense. Hideyuki Furutsuno (1977, Tokyo University Law), Secretariat planning officer, is appointed to head of the Financial Company Office which will be directly in charge of two important problems, home loans and non-banks.

Toshio Kimura (1972, Tokyo University Economics) will remain in his post as chief of the Research Division which embraces the Financial System Research Council that will work out the direction of Nishimura's new system. He is the only continuing figure among the Banking Bureau division chiefs, and he is putting the finishing touches on the Basic Problems Study Committee of the Research Council which is spelling out voluntary risk management of financial institutions in its interim report. The chief of the Money Market Office is Nobuyuki Kinoshita (1977, Tokyo University Law).

The chief of the Insurance Department, which embraces insurance negotiations that have become a priority field in the U.S.-Japan comprehensive economic talks, Kimio Yamaguchi (1967, Tokyo University Law), has remained in office. During the negotiation period which has stretched to over a year, he has gone back and forth several times between Japan and the United States, suffering from the time difference, and stood at the forefront of negotiations. In addition to his experience in the International Finance Bureau, he has served as chief of the Secretariat's Research and Planning Division, is well-versed in macroeconomics, puts Japan's assertions at the front in negotiations with the United States, and carries through on his position without easy compromise. Revision of the Insurance Business Act, which will be the greatest revision in 50 years, is a big task. Upon receipt of the report from the Insurance Council, he will put the finishing touches on the draft bill to be submitted to the ordinary session of the Diet next year. He puts professionals to shame in his hobby of golf.

Toyomizu Takimoto (1972, Tokyo University Law) was appointed chief of the First Insurance Division, which supports Yamaguchi, from chief of the Second Insurance Division. In his days as chief of the Second Insurance Division, he crossed swords with the United States as an administrator in U.S.-Japanese negotiations. Tomoyoshi Uranishi (1974, Tokyo University Economics) was appointed chief of the Second Insurance Division and concluded the U.S.- Japanese negotiations.

### Securities Bureau

How to develop the Tokyo market, which has grown to be one of the three largest capital markets in the world on par with New York and London? The sinking base of the Tokyo market where there are more regulations compared to foreign countries, and fees and other costs are high has been pointed out, and the tasks assigned to the Securities Bureau are many. With the series of securities scandals such as compensation for losses, it can be said that for the Securities Bureau which sometimes has been driven by domestic countermeasures, policy skills on the main road of administration are being questioned.

In that sense, expectations are focused on the command style of Sohei Hidaka (1963, Tokyo University Law), who it is said has shown a desire to be a continuous player himself, is welcoming his second year as bureau director, and is highly valued in the ministry as "a quick-thinking and shrewd man." He served as private secretary in the era of Finance Minister Miyazawa, and has taken the elite course as chief of the Documentation Division and director of the Kinki Regional Finance Bureau. In the days of his previous job as senior councilor, he showed skill in economic measures such as commanding repeated lowering of the official rate with the sudden drop of stock prices.

In summer of last year right after his appointment, which was his first service in the Securities Bureau, he took decisive action on a drastic cure of putting Cosmo Securities, which had fallen into bankruptcy, into a subsidiary of Daiwa Bank. He showed a quick response to maintain the financial system. In countermeasures for the sinking base of the Tokyo market, he took the strategy of inaugurating a division chief assistant class project team centering on the Research Office after the July personnel changes. The fact that there were few personnel changes in general within the Securities Bureau also can be called an expression of Hidaka's desire to deal with these difficult problems, and he is prepared to surmount them with a dependable team. Results are anticipated because he has the established reputation of an ability to unify the ministry with his gang-boss disposition that can be inferred from his good constitution. His interests are broad, having skill as a third-degree rank in the game of go and first-degree rank in chess.

Shunichi Nagata (1967, Tokyo University Economics) has remained in his appointment as councilor to assist Hidaka. He has been successively appointed chief of three division in the Banking Bureau, including chief of the Coordination Division, and in addition to his broad knowledge as a specialist in the finance industry, he has the great confidence of the industry with his intelligent appearance and personality of talking logically. He has shown dependable ability in reform of the financial system, which has become the largest reform of the industry and includes innovation like mutual entry into banking and securities. The combination with Hidaka, who is greeting his second year, is a natural pair, and a system is being provided that is steadily performing the job. He also has the air of a tough who enjoys baseball and Shorinji kempo, not matching his outward appearance.

Akiharu Mori (1966, Tokyo University Law) is the councilor-class Tokyo Stock Exchange supervisor. Previously the supervisor was a concurrent post with councilor, but along with the increased importance of the Tokyo Stock Exchange, an organizational reform was implemented promoting the supervisor to a post on par with councilor.

The aim is to adopt a rather business-type system. As the first supervisor since the organizational reform, Mori came to the appointment from the post of a minister in the United States. He has had long experience in the field of international finance and rich experience serving abroad, starting with the United States and including France and the Philippines. He also served as a director of the Asian Development Bank and is an internationalist with many friends abroad. It is his first time serving in the Securities Bureau and he modestly says that "I am an amateur in the securities industry," but in so far as internationalization of the Tokyo market is a big theme, expectations are great. He is quickly assuming command of a project team within the bureau and is full of eagerness.

Akihiko Matsuya (1970, Tokyo University Economics) moved from chief of the Securities Business Division to chief of the Coordination Division. He has also served as chief of the Corporation Finance Division and was appointed to be the head division chief as the ace of the Securities Bureau. Because there are many officers, including the bureau director, who have little experience in the Securities Bureau, the presence of Matsuya with a broad network in the industry is great. It seems that the influence of Matsuya also plays a big role in wiping away the stiff atmosphere of the industry which was created with the series of scandals and "fence wars" with banks.

Yasuyoshi Takagi (1971, Tokyo University Law) was appointed from the position of chief of the Government Debt Division, Financial Bureau, to chief of the Securities Business Division, which supervises securities companies. He served as chief of the former Bond Market Division and Securities Market Division in the Securities Bureau, and boasts outstanding knowledge concerning markets. His duty was to keep strict surveillance on redevelopment of scandals, but he also had difficult experience with stock price stagnation in the era of the former Securities Bureau, and it seems that appropriate advice for securities companies undertaking management reconstruction can be expected.

Takashi Fujiwara (1972, Tokyo University Economics) remains in his position as the chief of the Securities Market Division who assists Supervisor Mori. Chief of the Corporation Finance Division, Yoshiaki Niibara (1972, Tokyo University Law), and chief of Investment Management Office, Toshiharu Kusunoki (1975, Kyoto University Law) both are greeting their second year. The task for Niibara is creating international standards for corporate accounting, and for Kusunoki it is putting the finishing touches on system reform for investment trusts.

### Customs and Tariff Bureau, Mint Bureau, Printing Bureau

The duty of the Customs and Tariff Bureau in not just determination of tariff rates. From orthodox administration of commerce such as the supervision of customs houses in various areas, the creation of trade statistics on a customs clearance basis, and dumping taxation on illegal exports, to control of the smuggling of so-called socially abusive goods such as drugs and guns, fake brand products, animals and plants subject to the Washington Treaty, or illegal exports or imports of Cocom [Coordinating Committee for Multilateral Export Controls] regulated commodities are important jobs. The bureau director is Tokufusa Kagami (1965, Tokyo University Law). After having been in the Securities Bureau and Banking Bureau, he was appointed to his new position form the post of director of the Tokyo Regional Tax Administration Bureau. Two councilors, Atsuo Nishihara (1967, Tokyo University Law) and Shigeharu Kume (1968, Tokyo University Law) assist him.

The Mint Bureau, which starting with the manufacture of coins, manufactures decorations and medals of merit, is a special institution of the MOF and has a long history. The finance minister becomes the executive officer, and the big coin test which measures the weight of coins with a precision balance and confirms whether or not it is genuine has been implemented every year since 1872. The bureau director is Shunpei Nishikata (1966, Tokyo University Law) who also has served as chief of the Public Relations Office.

On the other hand, the director of the Printing Bureau which manufactures bank notes (currency) is Toshihiko Asami (1966, Tokyo University Law). He has had experience as private secretary to both finance ministers Takeshita and Watanabe. He is a great lover of travel.

### National Tax Administration Agency, Securities and Exchange Surveillance Commission

The National Tax Administration Agency, an external MOF bureau, in corporate terms, pertains to the business department, considering the Tax Bureau to be a development and planning department. The tax collection sector of the Tax Bureau is independent with regional taxation bureaus in 11 major cities nationwide, a regional taxation office in Okinawa, and district taxation offices under them. The number of personnel exceed 50,000. For the salary man whose taxes are collected at the source from his wages, there is no connection except when he receives a tax reduction for a home loan, but for the self-employed and corporate manager who report income every year, it is an organization without respite. Recently, it was revealed that politicians had acted as mediators with the National Tax Administration Agency, but fair and neutral execution of duties is sought.

The director general of the National Tax Administration Agency at the top is Nobuyuki Teramura (1961, Tokyo University Law). In his days as director of the Banking Bureau, which he held for two years up until last year, the financial system reform bill, which will be the final phase of financial deregulation, was realized. He was in charge of steering difficult financial administration measures such as establishment of a joint factoring organization as a measure for disposing of the huge bad debts which banks embraced with the collapse of the bubble economy. He likes choice alcohol where it doesn't matter if the beer is not cold. He has a gentle personality and is a devoted husband.

The deputy director general who assists Teramura is Takashi Matsukawa (1966, Tokyo University Law). His prior appointment was councilor to the Tax Bureau, and before that he was chief of the Taxation Department of the National Tax Administration Agency and worked in a key post in tax collection, drafting the tax system. He is most suitable for assisting Teramura, who has no Tax Bureau experience.

The Securities and Exchange Surveillance Commission, which was inaugurated in July two years ago with the aim of being a Japanese version of the SEC is a reflection on the securities scandals; it advises the finance minister on administrative punishment regarding illegal matters which do not pertain to criminal cases, besides exposing insider trading and stock price manipulation and reporting criminal cases. So far, they have reported the criminal cases of the stock price manipulation of Nihon Unisys and the window-dressing settlement of accounts by the educational-related publisher "IPEC" and given advice concerning client stock shifting by Cosmo Securities, and they are producing results.

The chairman since its inauguration has been Toshihiro Mizuhara (Chuo University). He was appointed to be the first chairamn of the Securities and Exchange Surveillance Commission from the post of Fukuoka chief district public prosecutor. In his days in the Tokyo District Public Prosecutor Special Investigations Department, he handled the Kyowa sugar case. He is frank and openhearted, and at first glance has the air of a medium to small business company president, but his sharp insight is the very trait of a prosecutor. Of the two commission members, Masaji Narita (Tokyo University Education) is from NHK and Hidetaka Mihara (Tokyo University Law) is the former director of the Board of Audit.

The highest responsible person in administration is Yoshinobu Takeuchi (1964, Tokyo University Law). He was appointed from the position of MOF representative member of the Bank of Japan Policy Committee. He has had experience as supervisor of the Tokyo Stock Exchange and councilor in charge of the Securities Bureau, and is well-versed in the internal affairs of the securities industry.

### Regional Outpost Agencies

There are regional finance bureaus in 10 locations nationwide. Along with administrative guidance and inspection of local financial institutions and securities companies, they make an effort to contact private companies and to grasp the actual state of the local economy. Judgements on the business situation by regional finance bureaus are sent up to the main ministry and become data to support implementing economic measures. The director of the Kanto Regional Finance Bureau is Mitsunari Suzuki (1967, Tokyo University Law); of Kinki is Masakazu Hayashi (1968, Tokyo University Law); of Hokkaido is Yoshio Kawade (1970, Kyoto University Economics); of Tohoku is Akira Yamamoto (1969, Tokyo University Law); of Tokai is Yoshitaka Masuhara (1969, Tokyo University Law); of Hokuriku is Masatsugu Kawabata (1967, Kyoto University Law); of Chugoku is Michio Tochimoto (1969, Tokyo University Economics); of Shikoku is Takamasa Noda (1961, Hiroshima University Politico-economics); of Kyushu is Tsuneo Wada (1969, Tokyo University Economics), and director of the Fukuoka Local Finance Branch Bureau is Katsuhito Takebe (1970, Tokyo University Law).

## North Korea

### U.S. Budget for 'Emergency' on Peninsula Viewed

*SK1002101895 Pyongyang KCNA in English 1002 GMT 10 Feb 95*

["U.S. Advised To Act With Discretion"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—The United States has drafted a "budget" for "a case of emergency" on the Korean peninsula and is even planning to stage a surprise bombing exercise against the Democratic People's Republic of Korea, crying that it will keep its Armed Forces in South Korea and Japan.

Branding this as an act to keep Korea divided indefinitely and attain its aggressive aim, a MINJU CHOSON analyst today says:

We can never overlook the military threats to the DPRK which are presented in the United States at a time when the nuclear issue of the Korean peninsula is being solved smoothly with the adoption and effectuation of the DPRK-U.S. agreed framework.

The U.S. hardline conservatives dislike the implementation of the agreed framework and intend to realise their ambition for domination over and interference in the DPRK from the position of strength.

Their moves prove that the aggressive nature of the U.S. imperialists has not changed and no illusion must be harboured about the United States.

The relations between the DPRK and the United States are not relations of friendship and reconciliation but are still belligerent relations.

If the United States ignite a war of aggression against us, we will determinedly answer it.

Those who start a fire perish in it.

The U.S. hardline conservatives must not act foolishly, going against the trend of the times.

### U.S. Criticized for Human Rights Report Charges

*SK1002042895 Pyongyang Korean Central Broadcasting Network in Korean 1220 GMT 9 Feb 95*

[Commentary by Chong Pong-kil: "They Had Better Wipe Their Own Noses, Instead of Finding Fault With Someone Else"]

[FBIS Translated Text] The U.S. State Department released an annual human rights report on 1 February. While expounding on the human rights situations in various countries of the world, the report found fault with our country saying something about its human rights situation. This is another intolerable insult to us and again clearly shows how shameless the United States is.

As everybody knows, human rights refer to the rights that must be socially guaranteed for man, including independence, the right to existence, equality, and the right to self-development. Our country is a socialist country in which the man-centered chuche idea is embodied. Under the popular masses-centered socialism of our own style, men and the popular masses are masters of everything, and everything serves the men and the popular masses.

Guaranteeing human rights is the inherent requirement of socialism of our own style. For this reason, all socio-political, economic, and cultural rights of man are legally and systematically guaranteed in our country. In our country, in which the idea of believing in the people as in heaven and benevolent politics are embodied, which is unseen in any other country of the world, there is no inequality, nor a single jobless person, beggar, illiterate person, or drug addict. We should say those who say something about our country, a country of this nature, are morons or lunatics.

We recommend unhesitatingly: Anyone who wants to see a society where all the people are guaranteed human rights most thoroughly, should come to see our country, a flower garden of human rights in full bloom, where the people of our country are living harmoniously as a single, grand family.

As long as the United States finds fault with us over the human rights problem, we cannot but argue against the U.S. human rights problem. In U.S. society, money controls everything. Greed and an egoistic sense of values are absolute, the law of the jungle prevails, and racism based on human hatred and discrimination, long lines of the unemployed, devastated public health and education, murders, and all other crimes and social vices are rampant. Therefore, we should say the United States is a wasteland of human rights where man's right to existence is constantly threatened. Moreover, the United States unhesitatingly violates the human rights of people of other races. This is the worst human rights violation.

As it once infringed on the sovereignty of Panama, Grenada, and other countries, and devastated human rights by sending regular forces, the United States continues to violate sovereignty in various parts of the world. In particular, the human rights situation in South Korea, which is under the occupation of U.S. Forces, is terrible. The South Korean authorities, under the veil of a so-called civilian government, by invoking the National Security Law and various other vicious laws, arrest, imprison, torture, and murder South Korean people of various social strata at random—who demand the right to existence and democratic freedoms—and brutally violate and abolish human rights. It is South Korea that commits such inhumane brutalities as putting numerous unconverted long-term prisoners behind bars for almost 40 years and persistently rejecting their repatriation simply because they refuse to change their ideology. The entire world acknowledges South Korea is perpetrating all these human rights violations under the protection of the United States or its tacit approval.

The United States raves about someone else's human rights problem even while perpetrating human rights violations at home and abroad. This is a shameless act like a thief turning on the victim with a club.

The United States, in its human rights report, self-righteously found fault with our human rights problem based on groundless fabrications. This clearly shows that some insidious forces [ilbu pulsun kyechungdurui] of the United States have not yet abandoned their vicious intention to crush [apsal] us and are persistently pursuing their hostile policy toward the DPRK. However, they must clearly know they can not destroy the socialism of our country no matter how frantically they may try to reverse black and white.

The United States had better wipe its own dirty nose instead of impudently acting as a judge of human rights and recklessly finding fault with others.

### Charge 'Unpardonable Provocation'

*SK1002043295 Pyongyang KCNA in English 0423 GMT 10 Feb 95*

["Product of Hostile Policy Toward DPRK"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Recently, the U.S. State Department in "An Annual Report on the Human Rights Situation in the World" charged the Democratic People's Republic of Korea with a "human rights problem." Rejecting its charge, NODONG SINMUN today views this as an unpardonable provocation against the DPRK and part of a hostile policy toward it.

The news analyst says:

We have no "human rights problem." Under Korean-style socialism centred on the popular masses, they are the masters of everything and everything serves them. It is a universally recognized fact that genuine human rights are ensured in our country.

Nevertheless, the United States is persistently taking issue with our "human rights problem." Why?

The United States intends to impair the image of the DPRK and, further, infringe upon its sovereignty by spreading the rumor that there is something like a "human rights problem" in the DPRK.

The United States, which is suffering from a serious human rights problem, is not in a position to charge others with human rights problem. In the U.S., the jobless people's rights to work and the right of the supportless and the orphans to existence are not considered to be human rights and all descriptions of social evils, immorality and depravity prevail.

It is the U.S. that invaded Grenada and Panama with the mobilization of huge Armed Forces and violated human rights there and does not hesitate in assassinating political figures of other countries. It is also the U.S. that is fostering human rights abuses in such colonies as South Korea. However, it is raising outcries over the "human rights problem" in other nations. This reminds one of a thief crying "Stop thief!"

No matter how desperately the U.S. may raise a hue and cry over the "human rights problem," it can neither destroy Korean-style socialism centred on the popular masses in which the chuche idea has been applied nor prevent its influence.

We will never tolerate any interference and high-handed act of the U.S. to recklessly encroach upon the sovereignty of our country.

## More Reaction to Japanese Legislator's Remarks

### Remarks Called Very Malicious

*SK1002105595 Pyongyang KCNA in English 1038 GMT 10 Feb 95*

["Utterances Revealing National Chauvinism"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Eiichi Nakamura, member of the House of Councillors of Japan, on February 8 made very malicious remarks seriously getting on the nerves of the Korean people as regards the great Hanshin earthquake, according to a report from Tokyo.

Eiichi Nakamura groundlessly told the Budget Committee of the House of Councillors that there were rumors that the fire in Kobe was possibly set by Koreans.

These unpardonable remarks were an outburst of one who is steeped in national chauvinism to the marrow. This has lashed all the Koreans into a fierce anger.

It is a political folly beyond common sense for a lawmaker of a country to openly spread groundless rumors at the Diet, making them a fait accompli. A politician can never do such an act.

Nakamura's remarks are grave because he represented the sinister political intention of the ultra-right forces of Japan to call back the ghost of the great Kanto earthquake.

We still vividly remember the atrocities of the Japanese imperialists in massacring 23,000 innocent Koreans at the time of the great Kanto earthquake, spreading the unfounded rumors that "Koreans are setting fire, walking about with oil", "they put poison in wells" and "they are killing Japanese".

The massacre of Koreans committed by the Japanese imperialists to divert elsewhere the anti-government feelings of the Japanese people fully revealed the murderous nature of the Japanese imperialists. This was one of the cases which aroused curses and hatred of the Korean people against the Japanese imperialists.

It is only too clear that Nakamura made the groundless remarks that Koreans in Japan set fire, motivated by the sinister criminal intention to harm the Koreans again by repeating the past disgraceful history of the Japanese imperialists.

As already reported, the premier of the Administration Council of the Democratic People's Republic of Korea sent a message of sympathy to the Japanese prime minister and the DPRK Red Cross Society extended a relief fund of 200,000 dollars to the Japan Red Cross Society, expressing sympathy with the quake victims.

In the areas hit by the great Hanshin earthquake, Korean and Japanese victims are cooperating with each other to recover from the quake damages at an early date.

Nakamura's utterances are an inhuman and national chauvinistic act aimed at breaking such bond between the Korean and Japanese peoples and casting a chill over the deep sympathy and consolation of the Korean people, and this shows the height of the anti-DPRK moves of the ultra-right reactionary forces of Japan.

Later, Nakamura defended himself by saying that there was no ethnical sentiments behind his remarks. But, this was no more than a subterfuge and a crafty ruse to conceal his national chauvinistic intrigue.

It is only too natural that broad political and public circles of Japan are strongly protesting against the outburst of Nakamura and demanding its revocation.

The Korean people today are not the people yesterday. No plot of the Japanese right-wing forces can work with the Korean people. Clearly mindful of this, Nakamura must officially withdraw and promptly apologize for his irresponsible utterances which only invite denunciation and condemnation from unbiased public opinion.

### Chongnyon Official Comments

*SK1002105095 Pyongyang KCNA in English 1025 GMT 10 Feb 95*

["Nonsensical Remarks Concerning Quake Damage Must Be Revoked"—KCNA headline]

[FBIS Transcribed Text] Tokyo, February 9 [date as received] (KNS-KCNA)—Kim Tae-hui, director of the International Department of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) released a statement Thursday protesting the groundless allegation of a Japanese upper house member, Eiichi Nakamura, concerning the damages of the great Hanshin earthquake.

Noting that Eiichi Nakamura told the Budget Committee of the House of Councillors that "there is a rumor that the fire in Nagata-ku, Kobe City, was possibly set by a Korean," he said:

This reminds us of the great Kanto earthquake 70 odd years ago in which guiltless Koreans were murdered with the spread of groundless rumors that "Koreans set fire and put poison in wells."

He recalled that the Democratic People's Republic of Korea expressed sympathy in various forms for the quake damages, Premier Kang Song-san extending a message of sympathy to Prime Minister Tomiichi Murayama immediately after the earthquake and the DPRK Red Cross Society sending relief fund amounting to 200,000 dollars to the Japan Red Cross Society, and Chongnyon and Koreans throughout Japan launched vigorous relief activities without discrimination.

Kim Tae-hui further said:

Nakamura's outrageous utterances were an inhuman, chauvinist crime aimed at breaking the bond of the Korean and Japanese peoples and casting a chill over it and an unpardonable challenge to the good intentions of the Japan-resident Koreans and the Japanese people.

Today is different from the days of the great Kanto earthquake. Any outburst and false rumor can never obstruct the strengthening of friendship between the peoples of Korea and Japan.

We strongly demand that Nakamura promptly withdraw his unreasonable remarks and apologize for it with the conscience of a politician in keeping with the trend of the time calling for a further progress in strengthening Korea- Japan friendship.

The headquarters of the Federation of South Koreans in Japan for Democracy and Unification (Hantongnyon) for measures to rescue victims of the earthquake in southern Hyogo prefecture and the measure committee of Hantongnyon for rescuing victims of the earthquake in southern Hyogo prefecture, too, released statements on the same day in protest against Nakamura's utterances.

### Japan Blamed for Division of Korean Peninsula

*SK1002044195 Pyongyang KCNA in English 0431 GMT 10 Feb 95*

["History Will Certainly Settle Account With Japan"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—It has of late been a subject of argument in the Japanese political circles whether Japan is responsible for the division of Korea or not. Commenting on this, NODONG SINMUN today views this as an indication of the refusal of the Japanese authorities to admit Japan's responsibility for the division of Korea.

The news analyst says:

Whether Japan admits its responsibility for the division of Korea or not, the history will surely settle account with her.

Had Japan not occupied Korea, there would have been no condition for its split. It is a crude distortion of a historical fact to contend that Japan is not responsible for the division.

Japan is also answerable for the protracted division of Korea and increasing tension in the peninsula.

Japan faked up the South Korea-Japan "agreement" in June 1965, under the manipulation of the United States and has pursued a malicious hostile policy towards the DPRK, while pursuing the one- sided policy of recognizing and patronizing only the South Korean puppets. The Japanese reactionary ruling quarters have also persistently opposed Korean reunification and helped South Korea increase its war potentials by systematically rendering massive military "assistance" to the South Korean puppets.

Ignoring these hard historical facts, the Japanese reactionaries deny Japan's responsibility for the division of Korea. This reveals their shameless intention to evade the responsibility for their past crimes and postwar compensation. The responsibility for the division of Korea is a matter of whether or not the Japanese authorities are willing to admit the Japanese imperialists' past crimes and apologize and compensate for them and it is closely linked with the matter of whether or not they are willing to admit and atone for the crimes committed by Japan over the five decades after the war. So, if Japan has the willingness to properly liquidate the past and make an adequate postwar compensation, it must, first of all, take a correct attitude toward it.

The division of Korea is unfavorable to the peace and security not only of Northeast Asia but of Japan. In this sense, Japan had better admit its responsibility for the division of Korea and do things favorable to Korean reunification.

## Party, Government Officials See Film on Japan

*SK0902105695 Pyongyang KCNA in English 1024 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—Part 22 of the multi-part feature film "The Nation and Destiny", a monumental masterpiece of the times, has been released.

Pak Song-chol, Kim Yong-nam, Choe Kwang, Kye Ung-tae, Chon Pyong-ho, Han Song-yong and other senior party and government officials appreciated the film at the People's Palace of Culture in Pyongyang on February 8.

Through the different life of the two sisters who were born of a Japanese woman, the film profoundly shows on a high artistic level that one can enjoy a happy and dignified life with nothing to desire more in the world in the benevolent bosom of the party and the leader who regards the idea of "believing in the people as in heaven" as the maxim and one cannot enjoy the true dignity and happiness of humankind in a corrupt and ailing capitalist society where money rules the world.

Exposing the crafty scheme of a Japanese delegation to inflict misfortunes upon the happy life of naturalized Japanese women, the film stresses that the Japanese militarists are the sworn enemy of our people yesterday and today.

## Courses Held for Participants in Chuche Seminar

*SK0902052395 Pyongyang KCNA in English 0405 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—A short course on the chuche idea for the participants in the International Seminar on the Chuche Idea for Global Independence was held in the capital of Denmark on February 3.

The short course was given on the subject of "Present Era and the Chuche Idea", "Theory on Socialism Centred on People" and "Development of Modern Philosophy by the Chuche Idea."

The lecturers said that the chuche idea founded by the great leader President Kim Il-song has been systematized, developed and enriched in all aspects as a philosophy by the great leader Comrade Kim Chong-il.

Noting that the idea which can lead humankind to an independent world is nothing else but the chuche idea, they expressed thanks to dear Comrade Kim Chong-il, the great thinker and theoretician, who is constantly developing and enriching the chuche idea.

## Greetings Sent to President of Iranian Parliament

*SK0902113995 Pyongyang KCNA in English 1058 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—Yang Hyong-sop, chairman of the Supreme People's Assembly, sent a message of greetings to Ali Akbar Nateq-Nuri, president of the Iranian Parliament, on the 16th anniversary of the victory of the Islamic revolution in Iran.

Expressing the belief that the friendly and cooperative relations between the peoples and parliaments of the two countries would continue to favourably develop in the future, the message wished him success in his responsible work.

## Cultural, Friendship Delegates Depart for Visits

*SK0902114195 Pyongyang KCNA in English 1059 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—A delegation of men of culture of the DPRK left here today to participate in the celebrations of the birthday of the great leader Comrade Kim Chong-il in Mongolia.

Today a delegation of the Korea-Ukraine Friendship Association headed by Kim Hak-sop, minister of post and telecommunications and chairman of Korea-Ukraine Friendship Association, left here for Ukraine.

### Book Praising Kim Chong-il Said Found in ROK

*SK1002044995 Pyongyang KCNA in English 0412 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Copies of a book titled "Socialism of Certain Victory" were found at the Pyokje Park in Uijongbu, Kyonggi Province, South Korea in late January, according to a radio report from Seoul.

The book, about 75 pages, highly praises the dear leader Comrade Kim Chong-il.

## Kim Chong-il Birthday Commemorations Continue

### Talk on CPC Birthday Decree

*SK0902234595 Pyongyang Korean Central Broadcasting Network in Korean 0400 GMT 7 Feb 95*

[Unattributed talk: "Even Mountains, Streams, Grass, and Trees Will Be Moved"]

[FBIS Translated Text] Today, people can see a decree of the DPRK Central People Committee [CPC] on designating 16 February, the dear leader Comrade Kim Chong-il's birthday, as the greatest national holiday, which was ratified by the great leader Comrade Kim Il-song three years ago on 7 February 1992.

The decree stated that the great leader [yongdoja] Kim Chong-il was born on Mt. Paektu, the sacred mountain of the revolution, and has grown up to be a great revolutionary, experiencing severe trials of the revolution since he was a child, and that he has devoted all he has to the struggle for the party, the leader, the fatherland, and the people throughout the whole period, from the time he started out on the road of the revolution until today. The decree then noted: Comrade Kim Chong-il has organized and led the chuche revolutionary cause pioneered on Mt. Paektu to a brilliant victory, upholding the great leader's lofty intent, accumulating immortal achievements that will shine forever with the century.

When they read the decree, people cannot help but imagine with deep emotions the benevolent fatherly leader personally picking up a pen and signing in person the document that reflects the people's unanimous desire, in a dexterous touch with a particularly happy appearance.

Repeatedly reading the decree with deep emotions, everyone may ask with heartbreaking pain: Why on earth has the document that the fatherly leader ratified while he was alive appeared to the world after so long a time? No one can answer this question posed by the people. Through a legendary story that can move even mountains, streams, grass, and trees, people can be impressed by the respected and beloved Comrade Kim Chong-il's absolute loyalty to uphold only the great leader, his lofty moral sense of duty, and his modesty.

At this moment when we come to know the touching fact, we cannot help but most reverentially reflect on the historic days some 10 years ago, in February 1982, when historic events unrolled in this land. That year was a significant year when the 40th birthday of the great leader [yongdoja] Comrade Kim Chong-il, whom our people upheld as another benevolent father, was marked. It is a traditional custom to meaningfully celebrate one's birthday, a symbol of blessing and felicity. Around that time, the party Central Committee was receiving many letters and petitions from our people expressing the strong desire that the birthday of respected and beloved Comrade Kim Chong-il, who had accumulated immortal achievements for the party, the revolution, the fatherland, and the people, the times, and history, be designated as the most felicitous national holiday and be meaningfully celebrated.

The functionaries repeatedly asked great leader Comrade Kim Chong-il to open his birthday to the public, reflecting the people's desire. But, he held back their request each time. The revolutionary people of the world also desired that the great leader [yongdoja] Comrade Kim Chong-il's birthday be celebrated as man's common felicitous day, along with the great leader's birthday, 15 April, saying his birth was the heavens' blessing.

Reflecting this sheer desire of our people and the people of the world that grew as days went by, functionaries again asked the great leader Comrade Kim Chong-il to do so one day in late 1981, the previous year. However, respected and beloved Comrade Kim Chong-il said that it was too inappropriate for a fighter to celebrate his birthday and that he did not know how to celebrate his birthday, and changed the subject to an issue concerning the people's livelihood.

The great leader Comrade Kim Chong-il, who gave precious teachings [karuchisim] for a long time regarding the production of light-industrial products to be provided to our people and students in the new year, said impressively to the functionaries: We should celebrate only 15 April, the fatherly leader's birthday, as the most meaningful holiday. The leader is the benevolent father of the people who has devoted all he has to our people's prosperity.

Functionaries became fretful about his remarks. One day, functionaries reported this issue, which should not be postponed any longer, to the fatherly leader. Hearing the report, the great leader [suryongnim] saw to it that the birthday of the respected Comrade Kim Chong-il was known to the world by accepting the people's ardent desire. This was in the beginning of 1982.

Some time later, reflecting the unanimous will and aspirations of all people, the CPC announced a decree on awarding the title of DPRK hero to the great leader [yongdoja] Comrade Kim Chong-il who attained his 40th birthday.

On the morning of 15 February, the CPC announced the decree through newspapers and broadcasts. Hearing this impressive news, the whole nation was seething with great cheers and deep emotion.

At this historic time in the wake of the great leader Comrade Kim Chong-il's 40th birthday, the people's ardent aspirations have been achieved. How could the entire nation not seethe with excitement?

This was the expression of boundless loyalty to the great leader Comrade Kim Chong-il for his revolutionary achievements in the cause for our party, the revolutionary development, the happiness of our people, and everlasting prosperity for the nation. At the same time, this was the expression of endless thanks to the fatherly leader for achieving the people's ardent desire.

On the next day, the fatherly leader personally arranged a luncheon at Kumsusan Assembly Hall. Reflecting the people's will, the great leader [suryongnim] made a congratulatory speech. At the beginning of the speech, the fatherly leader said: Comrade Kim Chong-il opposed any event marking his birthday up to now. However, this time I wanted to congratulate his birthday without fail. Of course, I will be able to congratulate his 45th birthday in the future. However, I wanted to congratulate his birthday this time without fail. So, just as I congratulated the birthdays of you, comrades, in the past, I arranged a small simple table for him and got together with you, comrades.

The fatherly leader continued: Prompted by genuine comradely love, I, as a comrade of the revolution, want to congratulate the 40th anniversary of Comrade Kim Chong-il. [music]

The place was filled with the warm, ardent sentiment and emotion of the attendants, being deeply impressed and moved by his significant remarks.

Thus, our people could splendidly congratulate the 40th birthday of the great leader [yongdoja] Comrade Kim Chong-il who is making immortal achievements for the fatherland, the revolution, the times, and history by victoriously leading the chuche revolutionary cause with great ideas and leadership.

The CPC decree, which the great leader [suryongnim] personally ratified on the significant day three years ago, pointed out: 16 February 1942 is the nation's greatest joyful and significant day when Comrade Kim Chong-il, the dear leader of our party and people who is the great successor to the chuche revolutionary cause and supreme commander of the Korean People's Army, was born.

The 16th of February is the nation's greatest holiday when he rose highly as a bright star of Paektu and as the sun on the land of the fatherland at the dawn of national liberation, and implanted the hope for the bright future of Korea in the hearts of all fellow countrymen. This day is the endlessly glorious day that firmly ensured the ever-victorious future of our people who are carrying out the sacred chuche revolutionary cause. Because there was glorious 16 February, together with the historic day when the sun rose in historic Mangyongdae, our people came to greet this glorious day when we can live by entirely entrusting the great Comrade Kim Chong-il with the destiny of the nation and the future of the revolution.

Nevertheless, the great leader [yongdoja] Comrade Kim Chong-il, regarding himself as a fighter who is carrying out the great leader's [suryongnim] revolutionary cause, persistently dissuaded people not to commemorate his birthday, stressing that a fighter cannot celebrate his own birthday. Has there ever been on earth such a polite man and such a great revolutionary?

The decree of 7 February 1992 unfolded the most beautiful and loftiest revolutionary relations between the two great leaders, whom the 20th century greeted, to be an impressive epic. However, this decree was not heralded for as long as three years. From this fact, we come to realize the respected Comrade Kim chong-il's loyalty and filial piety and modesty as the great man, which no one in the world has ever cherished.

Because of such a lofty intention of the great man of the century, the decree with historic significance has not been announced until now, although the fatherly leader ratified it in his lifetime.

Indeed, the respected Comrade Kim Chong-il is a supreme incarnation [choego hwasin] of noble morality and modesty unprecedented in history.

This decree, which has not been released for over three years, intensively shows the source of the great humanity of the great leader [yondoja] Comrade Kim Chong-il—who fascinates all people throughout the world. Now, we are going to recall the event that took place on 16 February 1982, never forgetting the historic day. At that day the people's desire was achieved, functionaries were so happy and, thus, extended a congratulatory greeting to the great leader [yongdoja] Comrade Kim Chong-il.

At that time, the respected and beloved Comrade Kim Chong-il, after looking around at the functionaries, expressed his great will, saying: "Today, before the leader [suryong], I pledged to carry on more works for the party and revolution. Inheriting and consummating the chuche revolutionary cause pioneered by the leader [suryong] are my faith in victory, as well as my mission. Also, this is a sacred obligation for all of us. As soon as he finished these remarks, he embarked upon the road of on-the-spot guidance. Upon hearing about the very unexpected facts, functionaries did not know what to do.

They cordially asked him to take a break even one day, saying: Today is a birthday.

Despite requests by functionaries, after finishing his lunch, the great leader [yongdoja] Comrade Kim Chong-il left for a construction site where a big monumental creation in the era of the Workers' Party of Korea was being built with the approach of the April National Day.

All of these facts have made us feel wholeheartedly once again that the respected and beloved Comrade Kim Chong-il is the great leader [yongdoja], who devotes his all to the leader's [suryong] revolutionary cause and to the people's happiness.

During his lifetime, the fatherly leader [suryong] was always satisfied with the fact that the great leader [yongdoja] Comrade Kim Chong-il, who has such a lofty virtue, has led our party and people. Also, this brought him the most happiness.

Praising the respected and beloved Comrade Kim Chong-il, who gained such great achievements on the road for the people, the decree pointed out as follows:

With his boundless love for the people and his sacred communist virtues, Comrade Kim Chong-il has devoted everything to the sacred cause for the people throughout his whole life. The great leader [yongdoja] Comrade Kim Chong-il has worked all the time, even his birthday—without taking a break—only to make the fatherly leader [suryong] happy who devoted his all for our people during his whole life.

When the February National Day of 1994 approached with each passing day, functionaries said that in two days it would be 16 February, and cordially asked the respected and beloved Comrade Kim Chong-il—who embarked upon the road for the people over and over, even during his birthday—to take a break that day, at least for one day. Remarking on what is good for the birthday of a fighter, however, he warmly stated: The leader [suryong] is devoting his whole life to the people. Let us make the leader [suryong] happy by doing more good works for our people.

The great leader [yongdoja] Comrade Kim Chong-il continued: I am an absolute worshiper of our people.

Our respected and beloved Comrade Kim Chong-il has devoted even his birthday to the people on the revolutionary road of 50-odd years, cherishing such a popular mass-centered philosophy as his sacred ideology.

Therefore, our people are saying from the bottoms of their hearts: "It is the great leader [yongdoja] Comrade Kim Chong-il in whom our nation should fully trust and follow forever."

The great leader [puryong]—who grasped the people's firm will and aspiration—personally took up his writing brush to congratulate the respected and beloved Comrade Kim Chong-il, who marked the 50th anniversary of his birthday, writing an immortal epic. The epic by the fatherly leader [suryong] is an expression of the iron-like will and ardent aspiration of our people and the people throughout the world who want to absolutely and boundlessly worship, follow, and uphold the great leader [yongdoja] Comrade Kim Chong-il.

This is because our people have come to cherish in their hearts the sunshine-like smile of the fatherly leader [suryong], who jovially laughed at them, reading his esteemed name in the decree, which has not been released for over three years.

This touching decree, which has not been disclosed up until now, that is, the decree—which bears the most sacred intent—has been prepared under such an impressive circumstance. In the long run, it has been disclosed to the world today. Therefore, when and where can we find such a touching tradition in the history of mankind, or even in the history of the communist movement?

People, please do not regard the decree, which contains such greatness and loftiness, as a simple document. Although several thousands, nay, tens of thousands of decrees have been published up to the present, how can they be compared to this decree which contains lofty intentions of the two great leaders, but has not been heralded for as long as three years!

The decree, which contains boundless significance and affluent ideas, is a crystal that made a comprehensive compilation of the desire of the whole nation and mankind in a document. It is the supreme essence of the most beautiful and noblest comradely relations between the most outstanding great men in history.

Our people are keenly aware of the greatness of the men we have been upholding as our father and as the sun and how we should uphold them forever.

Comrade Kim Il-song, our father, worked for more than 80 years of his life only for the people's happiness without even a moment's rest, regarding himself as the son of the people, despite the fact that he is a holy man sent from the heavens. The great leader [yongdoja] Comrade Kim Chong-il is our dear father [chingunhan oboi] who embodied intact the popular trait of the great leader [suryongnim], who regards all works as his own duty, although his achievements made on the road for the people have reached to the heavens, and who bestowed all honors upon the people. The great leader Comrade Kim Chong-il, despite being an incomparably great man, stresses that his teacher is the people and always wears only a simple, plain jacket and trousers while making the people wear good clothes each season. Comrade Kim Chong-il is the benevolent father of the people who has had three meals only with a (?lunch-box) lest he cause a nuisance to the people even slightly during the long journeys for on-the-spot guidance to the people.

Concerning the lofty and noble temperament of the boundlessly modest, respected Comrade Kim Chong-il, the fatherly leader gave an impressive teaching. The fatherly leader said that with his leadership power, traits, loyalty, sense of devotion, and achievements, the respected Comrade Kim Chong-il is enjoying respect and love from the people as the leader of the people. Thus, he has lofty authority. The fatherly leader also noted that the people will voluntarily uphold and respect those who truly make efforts and devotedly struggle for the people, even if they do not show off to the people.

The great leader Comrade Kim Il-song has taught: Although Comrade Kim Chong-il does not like to show off, stating that his duty is only to render loyalty to the nation and the people, our people have called him the dear comrade leader for a long time, and have respected and upheld him. The words—the dear comrade leader—contain our people's love of and trust in him.

This is high praise for the modesty of the great man unprecedented in history by the fatherly leader.

As our people received the decree, which contained a lofty intention to which even the heavens would bow, in the historic time when we mark 16 February—the greatest national holiday—our emotion is indeed deep and great.

Seeing again and again the great name of the fatherly leader impressively inscribed in the historic decree, our people cannot repress emotion and excitement.

It was one day early in February this year, six months after the fatherly leader passed away, that the great leader [yongdoja] Comrade Kim Chong-il said that he felt as if the leader [suryongnim] were making a short official trip to someplace. Thus, his remarks, made from an ardent yearning for the fatherly leader, moved all the people in the world to tears. Comrade Kim Chong-il, the benevolent father of the people, dedicated all precious things to the people for a long period of time, without marking his own birthday. Let us not forget, but pass on generation after generation, the decree that has been stored merely as a plain document and unheralded for three years, because of Comrade Kim Chong-il's lofty and noble intention!

The great temperament of Comrade Kim Chong-il, our great leader [yongdoja], will again fascinate all the people of the entire world.

### Kim Chong-il 'Unlikely To Appear'

*OW1002072095 Tokyo KYODO in English 0709 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, Feb. 10 KYODO—North Korean leader Kim Chong-il is unlikely to appear at the planned national ceremony to celebrate his birthday next Thursday, North Korean Government officials said Friday [10 February].

The celebration will not be unusually ostentatious, the officials said.

Speculation has surged that the 53d birthday of the son and heir apparent of late President Kim Il-song will be a big affair after the government issued an ordnance Tuesday to make it the nation's greatest holiday.

"(Party) Secretary Kim is a very modest person, and will not attend the ceremony," one official said.

The government ordinance, which made both Feb. 16 and 17 national holidays, only reflects Kim's desire to allow people to take a rest, they said.

As part of the feast, an international figure-skating event will be held in Pyongyang, as the first international sports event in the capital since Kim Il-song died early July last year, he said.

Kim Chong-il has yet to assume the posts of president and general secretary of the Workers Party of Korea to formally succeed his father.

### Cambodia's Sihanouk Gives Banquet

*SK0902050795 Pyongyang KCNA in English 0415 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—Cambodian King Norodom Sihanouk gave a banquet at the royal palace on Feb. 3 to celebrate the birthday of the great leader Comrade Kim Chong-il.

Present at the banquet were First Prime Minister of the Royal Government Prince Norodom Ranariddh, Deputy Prime Minister and Minister of Public Work and Transport Ing Kiet, Minister of Foreign Affairs and International Cooperation Ung Huot, Minister of Industry, Mining and Energy Pou Sothirack, Minister of Internal Affairs You Hochry, General Secretary of the Funcinpec Party Norodom Sirivudh, the Mayor of Phnom Penh and other officials concerned.

In his speech at the banquet, the Cambodian king said he deemed it a great honour to host a state banquet at the Royal Palace on the occasion of the birthday of His Excellency Marshal Kim Chong-il.

He continued:

"All the Cambodian people and I will always deeply respect his excellency the greatest leader Generalissimo Kim Il-song, the sun and hero of humankind peerless in the history of the Korean people spanning five thousand years, as our close friend.

"His Excellency the dear leader Marshal Kim Chong-il is making all efforts for the happiness of all the Korean people and the prosperity of the country, with his tireless and energetic activities, carrying forward the cause of His Excellency the great leader Generalissimo Kim Il-song.

"We highly estimate the great achievements of His Excellency Dear Marshal Kim Chong-il, the great leader.

"We deem it a great fortune to have the great Democratic People's Republic of Korea as a friend of ours.

"I declare once again that Cambodia will fully support all the policies of His Excellency Generalissimo Kim Il-song and His Excellency Marshal Kim Chong-il, especially their proposals for the independent and peaceful reunification of the country, and always stand by the Korean people.

"I sincerely wish His Excellency the dear leader Marshal Kim Chong-il a long life in good health and greater victory in his cause."

### Sihanouk Sends Greetings to Kim

*SK1002104095 Pyongyang KCNA in English 1018 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—The great leader Comrade Kim Chong-il received a message of greetings from Norodom Sihanouk, king of Cambodia, on February 5 on the occasion of his birthday.

The message says:

Your Excellency Marshal Kim Chong-il is the greatest successor to his excellency respected Generalissimo Kim Il-song, liberator and defender of Korea, builder of modern Korea and great father of the chuche-based communist revolution.

Comrade Kim Chong-il has triumphantly defended the sovereignty of the Democratic People's Republic of Korea and turned Korea into an invincible military power, a model of chuche-oriented socialist and communist construction and a true paradise which brings greatest happiness and prosperity to the Korean people.

Your Excellency Marshal Kim Chong-il is carrying forward the great policies for the independent and peaceful reunification of Korea and victory of the non-aligned movement put forward by His Excellency Generalissimo Kim Il-song.

The Kingdom of Cambodia and I fully and unconditionally support and will support all the internal and external measures of the Democratic People's Republic of Korea led by Comrade Kim Chong-il for the happiness of the Korean people and the supreme interests of Korea as in the era of the great President Kim Il-song.

The message warmly wishes Comrade Kim Chong-il good health and long life as well as eternal glory.

### Kim's Birthday Celebrated Abroad

*SK1002043595 Pyongyang KCNA in English 0406 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Celebrations are being held in different countries on the birthday of the great leader Comrade Kim Chong-il.

A celebration meeting was held in Lima, Peru, on this occasion.

Angel Castro Lavarello [spelling of name as received], president of the National Executive Committee of the Left Revolutionary Union of Peru, said in his speech:

Marshal Kim Chong-il has defended the independence of the Democratic People's Republic of Korea and made an immortal contribution to the cause of the prosperity of chuche Korea and the happiness of the working people.

He is an outstanding leader who is glorifying Korean-style socialism centred on the popular masses and leading the world cause of socialism to victory.

He definitely guarantees the victory of the cause of chuche.

We extend highest glory to the great leader Marshal Kim Chong-il on his birthday.

A motor procession for conveying letters to Comrade Kim Chong-il and a ceremony for naming a class after Kim Chong-il took place in Zimbabwe on the occasion.

The letters to Comrade Kim Chong-il were handed to the DPRK ambassador to Zimbabwe.

At the ceremony for naming a class after Kim Chong-il, a gift to Comrade Kim Chong-il was handed to the DPRK ambassador to Zimbabwe.

Celebration meetings, joint gatherings and other functions were held in Kanpur of India, Karachi of Pakistan, the Ghanaian National Institute of the Chuche Idea, the Delhi, India, Society for the Study of the Chuche Idea, the Zairean Youth Group for the Study of the Chuche Idea and the Prushukov Porcelain Factory, Poland.

### Kim Chong-il's Famous Work Published in Russia

*SK0902050395 Pyongyang KCNA in English 0406 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—The MOSKOVSKAYA PRAVDA newspaper office in Russia recently published in booklet the famous work of the great leader Comrade Kim Chong-il "On Some Problems of Education in the Chuche Idea" on the occasion of his birthday.

### Kim Chong-il Sends Thanks to Officers, Soldiers

*SK0902052295 Pyongyang KCNA in English 0409 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—The great leader Comrade Kim Chong-il sent thanks to Paek Yi-ho, an officer of the Yi Chu-kyong Unit of the Korean People's Army [KPA] who had shown deep love for soldiers.

Comrade Kim Chong-il also highly appraised the communist virtues displayed by Hero of the Republic Han

Tok-hwan, a general of the KPA, soldiers of the Yi Chong-paek Unit and the Hwang Si-chang Unit of the Korean People's Security Forces, soldiers of the Yim Mun-sop Unit of the KPA, and Kim Myong-sun, a demobilized soldier.

They displayed beautiful communist traits of sharing weal and woe with other people and saved the lives and property of people from danger at the risk of their lives, giving full play to the tradition of Army-people unity.

Upon receiving reports about them, Comrade Kim Chong-il highly praised and showed trust in them, saying that there are many admirable party members.

## Kim Chong-il Called Fate of Fatherland, Nation

*SK1002083195 Pyongyang Korean Central Broadcasting Network in Korean 0924 GMT 9 Feb 95*

[Unattributed talk: "The Great Leader (yongdoja) Comrade Kim Chong-il Is the Fate of the Fatherland and Nation"]

[FBIS Translated Text] Currently, an acute struggle is being carried out between socialism and imperialism, and between progressives and reactionaries. At this time, the issue of the fate of the popular masses and the fate of the country and nation are being seriously presented from a world view.

In countries where socialism was frustrated due to the antirevolutionary maneuvers by the imperialists and reactionaries, as well as countries upon whose national sovereign rights are being infringed, the popular masses are hovering between life and death and the fate of the country and nation is being tragically infringed upon.

Resolving the issue of the fate of the popular masses, which is the fate of the country and nation, is one of the historic tasks acutely facing progressive man in these last few years of the 20th century.

This important issue presented by the current era was brilliantly resolved in our country where the great leader [yongdoja] Comrade Kim Chong-il is being highly upheld at the head of the party and revolution. The great leader [yongdoja] Comrade Kim Chong-il is the fate of the fatherland and nation.

The great leader Comrade Kim Il-song has taught: Currently, our people are singing the song, "If there is no Comrade Kim Chong-il, there is no fatherland." I like that song. As the song indicates, without Comrade Kim Chong-il, there are no comrades, and there is no socialist fatherland either. It is his fate as well as the fate of the comrades and the fate of the fatherland.

The great leader [suryong] of the working class plays a decisive role in pioneering the fate of man and the fate of the fatherland and nation. The struggle to pioneer the fate of the popular masses and the fate of the fatherland and nation is a very difficult and arduous struggle. The popular masses are the main force of history but they are not always an independent main force of history pioneering their fate in an independent and creative way. The great leader [suryong] of the working class analyzes and synthesizes the independent demand and interest of the popular masses to create the guiding principle of the revolution, and leads the activities of the popular masses in a unified way to realize it. By doing so, work is carried out to make the popular masses become conscious and organized to make them the independent main force of history and the main force of the revolution so that they become a true master of their fate to pioneer a bright future for themselves, their future generations, and the fatherland and nation.

The great leader [yongdoja] Comrade Kim Chong-il is a great leader [yongdoja] who takes upon himself the fate of the fatherland and nation and leads the chuche revolutionary cause, pioneered by the respected and beloved leader [suryong], to victory. He is also a benevolent father who devotes everything to the people.

Our people enjoy today's worthwhile life, a future full of hope, and the glory of a chuche Korea and its bright future because the great leader [yongdoja] Comrade Kim Chong-il exists. The great leader [yongdoja] Comrade Kim Chong-il is a genius in ideology and theory who clearly reveals the road to elucidate the fate of our people and our fatherland through his outstanding wisdom.

The fate of the people, the fatherland, and the nation is pioneered and elucidated only through correct ideology and theory. The only guiding principle in pioneering the fate of the fatherland and nation is the immortal chuche idea.

The great leader [yongdoja] Comrade Kim Chong-il formulized the respected and beloved leader's [suryong] revolutionary ideology as a monolithic system of the chuche ideology, theory, and method. He further intensified and developed the chuche idea which is in accordance with the demand of the current era and revolutionary development.

The great leader [yongdoja] Comrade Kim Il-song further enriched the chuche idea with new principles and contents and wholly intensified it to develop and complete it into a great revolutionary theory to pioneer the fate of the popular masses. This is his immortal historic achievement which was accumulated in pioneering and elucidating the fate of the people,fatherland, and nation.

The dear leader Comrade Kim Chong-il is the great leader [yongdoja] who triumphantly leads the struggle to glorify the fate of our people, the fatherland, and the nation. The struggle to pioneer and glorify the fate of our people, the fatherland, and the nation is pushed ahead by the leading mission and role of the main force of the revolution. The main force of the revolution—a unified body of the leader [suryong], the party, and the masses—is directly entrusted with the work of pioneering the fate of the people and the fate of the fatherland and the nation, and plays a decisive role.

The great leader [yongdoja] Comrade Kim Chong-il strengthened and developed our party into the invincible chuche-type revolutionary party and prepared the strong main force of our revolution by making all the people firmly rally around the party.

By setting up the revolution's strong main force which is firmly united with the party and the popular masses and enhancing the role of the main force, the great historic upheaval of remaking nature and reforming society has been realized, the dignity and honor of our fatherland and nation have been powerfully displayed, and our people's fate has been further glorified. This is another of the great leader [yongdoja] Comrade Kim Chong-il's remarkable historic accomplishments achieved before our party and the revolution.

The great leader [yongdoja] Comrade Kim Chong-il is a benevolent father who endlessly takes care of and loves the people, and devotes his all for the people. The fate of the people and the fate of the fatherland and the nation can only brilliantly bloom under the bosom of the leader [yongdoja] who has not only exceptional ideological and theoretical wisdom and excellant leadership but also has boundlessly-lofty virtue.

The great leader [yongdoja] Comrade Kim Chong-il has the highest level of loyalty toward the fatherly leader, and has embraced the revolutionary comrades and the people of various level in his benevolent bosom and warmly taken care of their works and life.

The thing that plays the most important role in pioneering the fate of the people is politics. The great leader [yongdoja] Comrade Kim Chong-il who carries out the politics of love and trust and all-embracing politics has given the most lofty political life to all of us and is warmly guiding us to glorify the political life to the end.

Our people have received the most lofty political life in the dear leader Comrade Kim Chong-il's bosom and are enjoying a fruitful life as befits the master of the state and society and the master of their fate.

Thanks to the benevolent bosom of the dear leader Comrade Kim Chong-il, the anti-Japanese fighters who are the first generation of our revolution are receiving high respect as the dean of the revolution. Heroic fighters of the fatherland liberation war, the second generation of our revolution, are crowned with the people's blessings as war veterans. The third and fourth generations of the revolution who were born under the care of the Workers' Party of Korea have grown up as the reliable inheritors of the chuche revolutionary cause, thus adding luster to their noble political lives.

Along the line of parents who do not discriminate against their own children, the dear leader Comrade Kim Chong-il has warmly looked after those who do not have good social and political backgrounds as long as they follow our party and support socialism, so that a shadow is not cast upon their lives.

In our country, it is truly because the great leader [yongdoja] Comrade Kim Chong-il exists, that all the people have become the revolution's eternal companions and are devoting their lives to the fruitful road of the chuche revolutionary cause, and the new generation is staunchly growing up as the revolution's reliable inheritors.

The leader's [yongdoja] characteristic of caring for and being responsible for the people's fate can be seen in the fatherly love and benevolence by which the lives of the revolutionary fighters and the people are warmly looked after.

When the dear comrade leader, who always pays deep attention to every corner of people's lives, received a report that a young girl had drifted out into the West Sea while picking up shells, he sent a helicopter to save the girl's life. He also saved the life of a functionary who worked overseas by sending a doctor over the ocean and the continent to cure his deadly illness.

Thanks to the dear comrade leader's boundlessly warm and benevolent love, Comrade Yi In-mo, the reincarnation of revolution and will, could return to the bosom of the socialist fatherland and is now singing in the prospering fatherland in good health and devoting his all for the reunification of the fatherland.

Due to the dear leader Comrade Kim Chong-il's noble character and renowned virtue, the relations between the leader [yongdoja] and the people in our country have surmounted the level of exercising and receiving leadership, and become that of parents and children who share their lives and care for each other by entrusting their fate to each other. Likewise, our society has become one big happy family which upholds the comrade leader as its father.

The great leader [yongdoja] Comrade Kim Chong-il is the fate of our fatherland and the symbol of the socialist fatherland. Thanks to the great leader [yongdoja] Comrade Kim Chong-il, the socialist fatherland, the cradle of our people's happiness, has beautifully bloomed. The great leader [yongdoja] Comrade Kim Chong-il, who resolved to glorify Korea at the ridge of Mt. Yongnam in his early days, has devoted his all to the prosperity and development of the chuche socialist fatherland.

The great leader [yongdoja] Comrade Kim Chong-il has proclaimed imbuing the entire society with the chuche idea as the party's foremost program. Thereupon, he has energetically led the work of reforming ideology, technology, and culture in conformity with the demands of chuche, bringing about great reforms in all fields of socialist construction.

Because of the great leader [yongdoja] Comrade Kim Chong-il's wise leadership, our fatherland has met with great national prosperity and is in a golden age, never before seen in the 5,000-year-old national history. Likewise, our fatherland is radiating its light as the model country of socialism and the human race's beacon of hope.

The great leader [yongdoja] Comrade Kim Chong-il has displayed to the whole world the dignified feature of chuche Korea by leading at the forefront the struggle to adhere to and protect our socialist fatherland from the challenges of the imperialists and reactionaries.

The great leader [yongdoja] Comrade Kim Chong-il has made the staunch resolution to adhere to the popular masses-centered socialism of our own style to the end by confronting antisocialist, anti-Republic repressive maneuvers of the imperialists and reactionaries. With unrivalled courage and leading wisdom, he led at the forefront, the struggle to smash the rascals' challenges, and thus displayed the dignity and honor of heroic Korea.

Truly, for our people, the socialist fatherland is the great leader [yongdoja] Comrade Kim Chong-il, and the great leader [yongdoja] Comrade Kim Chong-il is the chuche fatherland.

Together with history, the fate of our people, the fatherland, and the nation, which upholds the great leader [yongdoja] Comrade Kim Chong-il, will glorify the chuche socialist fatherland and will strongly display its dignified features.

### Foreign Crewmen Laud Kim Chong-il as Strategist

*SK1002103395 Pyongyang KCNA in English*
*1007 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Crewmen of foreign ships staying in Hungnam Port in the East Sea of Korea held a gathering on February 8 on the birthday of the great leader Comrade Kim Chong-il.

Present at the gathering were crewmen of Honduras, Chinese and Panamanian ships.

The speakers said that his excellency the great leader Kim Chong- il is an outstanding statesman with both literary and military accomplishments and a military strategist with heroic grit. Under his guidance the Korean people and People's Army have grown to be a strong people and invincible army enough to shatter all the aggression manoeuvres of the imperialists and reliably defend the country, they noted.

Stating that His Excellency Kim Chong-il is the greatest of the great men of the world and a genius of thought and theory, they said that he has versatile ample knowledge in philosophy, the economy, literature and art, military affairs and all other fields. He published many works to further develop and enrich the chuche idea and greatly inspire the progressive people of the world by leading socialist construction in Korea to a heyday, they said.

They pointed out that socialism suffered a setback in some countries, but socialism of Korea emerges victorious because the leader believes in the people and the latter boundlessly trust the former.

They sincerely hoped that the Korean people would make greater achievements in the building of Korean-style socialism centred on the popular masses and realize the reunification of the country, the cherished desire of the nation at an early date under the leadership of His Excellency Kim Chong-il.

They wholeheartedly wished Comrade Kim Chong-il a long life in good health.

A congratulatory letter to Comrade Kim Chong-il was adopted at the gathering.

### Response to Kim Chong-il's Military Units Visits

*SK1002105195 Pyongyang KCNA in English*
*1029 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—The news that the great leader Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], inspected a women's coast artillery company of Unit 291 and Naval Unit 155 of the KPA has evoked great repercussions upon the People's Army soldiers and working people.

Pak Chong-suk, a KPA company commander, said it has been under such great love as shown by respected supreme commander visiting the women's coast artillery company, not minding the rough path through high waves, that the KPA soldiers could grow to be matchless army capable of crushing any enemy at one stroke.

"Cherishing deep in our hearts the high pride and honor of having the great leader Comrade Kim Chong-il, the master of leadership and the incarnation of love, as the supreme commander of the Korean People's Army, we will become rifles and bombs defending him with our lives," the company commander pledged.

Han Kwang-sik, a pit head of the Kowon area coal complex, said: "There are many famous generals in the world, but we know no such a great man as our great General Kim Chong-il who takes warm care of his soldiers with paternal love, visiting any post of theirs. I will do my utmost to help and assist his soldiers."

A KPA general, Chon Chang-chin, renewed his determination to firmly defend respected supreme commander, tightly holding the weapon of revolution, and remain loyal to his leadership.

### Kim Chong-il Praises Army-People Unity Traits

*SK1002043895 Pyongyang KCNA in English*
*0410 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—The great leader Comrade Kim Chong-il extended thanks to different units, officials, working people and soldiers who had given full play to the traditional traits of Army-people unity.

Among them are party officials in South Hwanghae Province, the State External Economic Affairs Commission, the Pyongyang Municipal People's Hospital No. 1, the Pyongchon District, Pyongyang, Committee of the Women's Union and its affiliated organisations, Ho Hui, an instructor at the Taesong General Bureau, and his family, soldiers of the Kim Hui-sop Unit of the Korean People's Army and Kim Sun-ok, a farmer in Pongpo-ri, Hoeyang County, Kangwon Province.

At the meetings where the thanks were conveyed, the speakers expressed their resolution to always hold Comrade Kim Chong-il in high esteem at the head of the revolution and remain loyal to his leadership, true to the behests of the great leader President Kim Il-song and continue to give full play to the traditional traits of Army-people unity.

In the Democratic People's Republic of Korea, the traditional traits of Army-people unity are in full play as a social ethos, strengthening the blood ties between the Army and the people.

### Crowds Reported Visiting Kim Il-song's Statue

*SK0902104595 Pyongyang KCNA in English*
*1016 GMT 9 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 9 (KCNA)—Seven months have passed since the whole country wailed with a bitter grief at the unexpected loss of the great leader President Kim Il-song.

But as the days and months go by, longing for the president is growing.

Mansu Hill in the capital city of Pyongyang is daily crowded with people from all walks of life, many foreigners and overseas Koreans ardently longing for him.

More than 29 million people of all social strata, 17,380 foreigners of 1,670 organisations and over 15,000 overseas Koreans of 719 organisations called at the statue on Mansu Hill, laid floral baskets, bouquets and flowers and expressed boundless reverence.

In recent one month alone, the Cuban foreign minister, the secretary general of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea, the director of the Centre for East Asian Studies of George Washington University of the United States and his party, the Japanese tourist study group and many other foreigners and overseas Koreans visited the statue of the president.

They expressed boundless respect for and trust in President Kim Il-song, overcome with the bitterest grief at his death.

Military Attache of the Vietnamese Embassy Tran Thuc who is the doyen of the military attaches corps here said that last year was a year of the biggest loss and sorrow at the loss of the peerless hero. President Kim Il-song, the great statesman and veteran of the revolution, who performed immortal feats for the world revolution and the cause of independence will be immortal in the hearts of the Korean people as well as humankind, he stressed.

### Japanese Delegation Visits Kim Il-song's Statue

*SK0802152995 Pyongyang KCNA in English*
*1516 GMT 8 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The delegation of the new Japan Professional Wrestling Co., Ltd. led by Kanji Inoki, leader of the Sports Peace Party of Japan, member of the House of Councillors and president of the company, on a visit to Pyongyang for the Pyongyang International Sports and Cultural Festival for Peace, today called at the statue of the great leader President Kim Il-song on Mansu Hill and expressed their deep respects to him.

They laid bouquets before the statue and made a bow, with reverence for the great leader who devoted his whole life to the freedom and happiness of the people and the cause of global independence.

### Workers, Soldiers, Youth Mark Kim Il-song Death

*SK0802152795 Pyongyang KCNA in English*
*1514 GMT 8 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Working people, soldiers of the People's Army and school youths and children across the country today laid floral baskets and bouquets before statues of the great leader President Kim Il-song upon the lapse of seven months since he passed away.

People of various social strata, soldiers and school youths and children climbed Mansu Hill in Pyongyang and laid floral baskets, bouquets and flowers before the statue of President Kim Il-song, who conducted energetic activities until the last moments of his life for the prosperity of the country, the happiness of the people, the reunification of the country and the independence of the world.

Floral baskets, bouquets and flowers were also laid before his statues standing in different places of the country.

Before the statues of the fatherly leader President Kim Il-song, the people renewed their revolutionary faith and will to bring the socialist cause of chuche to completion under the guidance of the great leader Comrade Kim Chong-il.

### Party Officials View Army-People Unity Dance

*SK1002044595 Pyongyang KCNA in English*
*0417 GMT 10 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—Pak Song-chol, Kim Yong-nam, Kye Ung-tae, Chon Pyong-ho, Han Song-yong and other senior party and government officials saw dance suite "The Army and People Uphold the General in One Mind," which was successfully created and completed as a monumental masterpiece, at the February 8 House of Culture on February 9.

The dance suite vividly shows on an epical canvas through militant and vivacious rhythms, famous music rich in emotion and lively stage arts the glorious course and proud reality in which our people and the People's Army soldiers have given fuller play to the beautiful traits of the army-people unity under the wise guidance of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il from the period of the anti-Japanese armed struggle.

It stresses that the army and the people would, in a body, defeat any formidable enemy and brilliantly accomplish the cause of socialism, the revolutionary cause of chuche, when they struggle upholding Comrade Kim Chong-il at the head of the revolution.

### Paper Denounces 'Bourgeois Multiparty System'

*SK1002103195 Pyongyang KCNA in English 1014 GMT 10 Feb 95*

["'Multi-Party System' is Camouflage To Embellish Bourgeois Politics"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 10 (KCNA)—NODONG SINMUN today brands the multiparty system of the bourgeoisie as a camouflage for its reactionary politics and a veil of "democracy" for covering up the class domination and arbitrariness of the capitalist rulers.

The paper says in a by-lined article:

The imperialists and reactionaries claim that the will of the masses of the people is reflected in politics through political parties, but the fact is quite contrary.

In capitalist society, the exploiting and dominating classes seek a permanent class domination and unlimited exploitation, trampling underfoot the independence of the working masses.

In this society, the political party which represents the interests of the classes that control the economy and politics holds a privileged position. In other words, a bourgeois political party which represents and defends the will and interests of the exploiting and dominating classes seizes power, exercises privileges and controls the state, social and political life. The bourgeoisie advertises the "multi-party system" with a view to concealin the privileged position of bourgeois political parties and cheating the working masses who call for democracy and equality.

The bourgeois multi-party system is, in essence, a one-party dictatorial system under which the privileged classes, factions and forces of capitalist society take office alternately.

The election campaign, one of the main forms of politics in capitalist society, is a competition of money. In other words, bourgeois political parties which get a greater financial support from the capitalist class always win in the elections and, after seizing power, pursue such politics as to repay the "favours" of the supporters.

On the other hand, bourgeois political parties conduct a fierce election campaign and competition for power in order to overwhelm each other and hold a privileged position according to the law of the jungle.

In capitalist society, political parties of bourgeois factions and forces, which have the same ideological and class background and essential nature, seize power by turns and pursue bourgeois politics.

However loudly the imperialists may claim that the bourgeois multi-party system is a "democratic mode of politics," they cannot conceal its deceptive and reactionary nature.

## South Korea

### 'Trustworthiness' of U.S. Government Questioned

*SK1002063595 Seoul CHUNGANG ILBO in Korean 10 Feb 95 p 3*

[Editorial: "Trustworthiness of the U.S. Government"]

[FBIS Translated Text] How reliable is the United States? We have frequently asked this question since the beginning of the North Korea-U.S. contacts on the nuclear issue. Some examples of the citizens' concern can be seen in the following: Are we not in fact playing the dummy who only foots the bill? Is there some secret agreement, of which we are not aware, that was reached in the negotiation process of improving North Korea-U.S. relations?

The United States has been stressing that what is essential is to adopt ROK-style light-water reactors and to improve the South-North relations as conditions to the implementation of the Geneva agreement reached with North Korea. We believe the U.S. Government sincerely hopes such things will materialize. But, it is also true that we have some misgivings as to whether the United States really has the will to fulfill such a promise. Therefore, at a sensitive time like the present, when the North Korea-U.S. contacts and negotiations are reaching its final stages, we are naturally more closely assessing every activity of the United States.

As far as relations with North Korea are concerned, the United States has firmed up its pledge to have close discussions on relevant matters with us. And, doing so is essential to reducing tension on the Korean peninsula and to improving the South-North relations. But, misgivings have been raised over the possibility that the United States may have committed unexcusable acts in the process of contacting North Korea, including the negotiations to repatriate the pilots of a U.S. military helicopter which accidentally crossed the cease-fire line.

Under these circumstances, it became known belatedly that a man claiming to be a religionist of North Korea, met with U.S. President Clinton, thereby forcing us to rethink whether the United States is an ally on which we can really rely 100 percent. Although such news became public and North Korea reported this through its official media, the U.S. Government denied it. Later, it belatedly admitted that such a meeting took place at a ceremonial religious event.

Of course, we do not think that there is much political meaning to be attached to the meeting itself. But, a meeting between the U.S. President and North Koreans is largely symbolic. We do not think that the U.S. Government did not know about the meeting; and it ought to have notified our government of this. No matter how hard the U.S. Government excuses itself by saying that the meeting was an accidental, one-time meeting, we will have to take an earnest look into the trustworthiness of the United States.

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## U.S. 'Hard-Line' Attitude Toward DPRK Viewed

*SK1002042695 Seoul HANGUK ILBO in Korean 10 Feb 95 p 7*

[Article by correspondent Chong Chin-sok based in Washington]

[FBIS Translated Text] North Korea has repeatedly expressed its intention to reject ROK-style light-water reactors, thereby creating misgivings as to whether the North Korea-U.S. agreement reached in Geneva will be implemented.

In connection with the question of supplying light-water reactors, which is a core part of the North Korea-U.S. agreement, North Korea has made clear its position during two recent rounds of expert-level talks not to accept ROK-style reactors. Many foreign affairs analysts in Washington share this view because the Geneva agreement has come up against a major snag. Under the circumstances in which the ROK will have to bear a large portion of the money needed for constructing the light-water reactors, totalling $4 billion, it will be impossible to see the implementation of the Geneva agreement unless either the ROK or North Korea makes concessions. Furthermore, because both the ROK and the United States are sticking to their positions on this issue, which they regard as their own Maginot lines, the prospects for the implementation of the agreement are growing dimmer. In this connection, one well-informed diplomatic source based in Washington said: "Originally, on the premise that the North Korea-U.S. agreement would be smoothly implemented, we were able to predict that the liaison offices would be opened at the end of April. Due to the rough sailing in the negotiations to supply light-water reactors, however, we feel the discussion itself on the opening of liaison offices is becoming meaningless."

High-ranking U.S. Government officials, including Winston Lord, assistant secretary of state for east Asian and Pacific affairs, have stated: "The supply of ROK-style light-water reactors is a prerequisite to the implementation of the North Korea-U.S. agreement. In case North Korea should reject to the end ROK-style reactors, the Geneva agreement will have to be virtually abrogated." In the meantime, at a public hearing in the U.S. House of Representatives on 9 February, Secretary of Defense William Perry stated: "In case the North Korea-U.S. agreement is not implemented, the U.S. Administration and Congress will have to again discuss the question of reinforcing the U.S. forces in Korea, which we planned to put into force last summer when many people were taking a hard- line attitude toward the North." This allows us to feel that, at every opportunity, the remarks by U.S. Government officials are gradually becoming tougher. Such hard-line remarks are a kind of pressure offensive against North Korea. We can easily predict that unless North Korea changes its attitude in the future, the hawks inside and outside the U.S. Government will again raise their voices, advocating the so-called logic of the "stick" instead of the carrot.

Some point out that an unstable and clumsy Geneva agreement has brought about the reality in which the implementation of such an agreement has come up against a snag. U.S. Government officials, including Assistant Secretary of State Gallucci, who was the U.S. delegate to the negotiations on the North Korean nuclear issue, have repeatedly stated: "We have given sufficient explanations to North Korea that ROK-style reactors are their only choice." This notwithstanding, because the Geneva agreement failed to concretely specify this, the question of adopting ROK-style reactors has remained controversial since North Korea and the United States reached the agreement. Some point out: North Korea is worried about the possibility of its own internal unrest, including a restlessness in its political system, which will presumably be caused by its acceptance of ROK-style reactors. Therefore, it is not easy for North Korea to decide to accept ROK-style reactors. As a result, it will be ultimately difficult to reach a compromise in the North Korea-U.S. negotiations on this question.

Furthermore, while sticking to "the principle of providing supplies in kind," the ROK Government is publicly stating that unless ROK-style reactors are adopted, it will not bear any of the financial burden. Therefore, the North Korea-U.S. negotiations on light-water reactors are placed in a complicated situation.

The United States has decided to continue to try and persuade the North during the third round of talks on light-water reactors, which will resume next month, and through behind-the-scenes dialogue. The United States, however, definitely does not have a sense of confidence in its negotiations with North Korea on the light-water reactors, as seen in a comment issued by the U.S. Department of State: "The date 21 April is not the final deadline."

## Opening of North-U.S.Liaison Offices 'Difficult'

*SK1002051195 Seoul KBS-1 Radio Network in Korean 0400 GMT 10 Feb 95*

[FBIS Translated Text] A U.S. source based in Seoul revealed: The U.S. Government judges that it will be difficult for the United States and North Korea to open their liaison offices in each other's countries during the first half of this year.

This source said that it appears that the opening of liaison offices, which was expected to materialize during the month of April, would be postponed due to the lack of progress in the improvement of the South-North relations; a cautious U.S. approach towards the North following the Republican Party's domination of the Congress; and the non-selection of liaison office locations.

This source added that if these questions are resolved, it would be possible for the United States and North Korea to open liaison offices around June or July.

## Perry on Possible U.S. Troops Increase in ROK

*SK1002062795 Seoul YONHAP in English 0615 GMT 10 Feb 95*

[FBIS Transcribed Text] Washington, Feb. 9 (YONHAP)—U.S. Defense Secretary William Perry said Thursday [9 February] he would ask Congress for additional funds to push for a substantial augmentation of American forces in South Korea if the Washington-Pyongyang nuclear agreement is not implemented.

Attending the hearing session of the Senate's Armed Services Committee, Perry made the suggestion saying that funds in the 1996 defense budget will not sustain the nuclear accord.

He recalled his proposal to President Bill Clinton last June to approve a substantial increase of U.S. forces in Korea when tensions heightened over the North Korean nuclear issue.

"When we thought we were not going to have an agreement and we were preparing for confrontation with the North Koreans, I had put together a proposal which the President was about to approve for a substantial augmentation of our forces in South Korea," he said, adding "Therefore, if this agreement is not implemented, I will have to come back to Congress seeking supplemental funds for those augmented military forces in South Korea."

Meanwhile, Chairman of the U.S. Joint Chief of Staffs Gen. John Shalikashvili emphasized the need to maintain a strong U.S. troop presence to prepare for the unpredictable development of situations, stating the insecurity of the world with countries such as North Korea and Iran continuing to threaten neighboring countries.

In a testimony before the House's National Security Committee session on Wednesday, Shalikashvili pointed out that the conventional threat was not reduced in the Korean peninsula and emphasized the need to be alert there.

Secretary Perry introduced to the committee, in the case of a future Korean war, a plan to mobilize 600,000 South Korean forces including reserve troops and American forces stationed in Japan. He said, however, that the plan does not include the participation of Japanese troops.

## Seoul Not To Accept Reactor 'Additional Burden'

*SK1002033395 Seoul YONHAP in English 0318 GMT 10 Feb 95*

[FBIS Transcribed Text] New York, Feb. 9 (YONHAP)—South Korean Foreign Minister Kong No-myong said Thursday [9 February] his country will not shoulder any additional burden to meet North Korea's latest request for 500 million to 1 billion U.S. dollars worth of auxiliary facilities for light-water nuclear reactors to be built in North Korea.

Minister Kong, noting that the issue of auxiliary facilities is simply a matter to be negotiated between the United States and North Korea, said, "To go to the expense of providing more auxiliary facilities is out of the question for South Korea.

"Our position is that South Korea will play a central role only in the provision of the light-water reactors."

Kong also warned that should Pyongyang reject the South Korean- standard model of the reactors to the end, the Washington-Pyongyang nuclear agreement will "inevitably be back at the starting point."

Meanwhile, U.S. Ambassador to the United Nations Madeleine Albright reportedly asked for South Korea's added contribution to the budget for the UN Peacekeeping Operations (PKO).

During a meeting with Minister Kong, Albright asked for Seoul's increased contribution to the PKO budget in light of the U.S. Congress' move to reduce the American share in the PKO budget to 25 percent from the present 31.7 percent.

Minister Kong said it would be difficult for South Korea to expand its contribution within one or two years.

Kong also met his Sri Lankan counterpart Lakshman Kadirgamar at the UN Conference Room and shared the view that the two countries will compete in a fair manner for the non-permanent membership in the UN Security Council.

During the meeting, Minister Kadirgamar reportedly expressed hope that large companies of South Korea advance into Sri Lanka for increased business relations between the two countries.

In addition, Minister Kong invited the ambassadors of 18 countries including Botswana and Cameroon for lunch and asked for their support for South Korea's admission to the non-permanent membership in the UNSC.

Minister Kong is to leave for Japan Friday after winding up a four-day visit to the United Nations.

While in Japan, Kong is scheduled to meet his Japanese counterpart Yohei Kono to reaffirm the three-way cooperative system among South Korea, the United States and Japan in resolving the North Korean nuclear issue.

## NUB Minister Views Reactor Cost, Team Spirit

*SK1002115195 Seoul KBS-1 Radio Network in Korean 1100 GMT 10 Feb 95*

[FBIS Translated Text] The government will not share expenses for building the light-water reactor unless North Korea accepts the ROK-type reactor.

In a seminar hosted by the Kwanhun Club [senior ROK journalists club] today, Kim Tok, deputy prime minister and minister of the National Unification Board [NUB], stressed: North Korea's rejection of the ROK-type reactor is nothing but a negotiating tactic. The only way to defeat this tactic is for the ROK and the United States to adhere strictly to the present position, which is that it is impossible to provide North Korea with any other type of reactor than the ROK-type.

Noting that our personnel and technical information must be introduced to North Korea for the smooth promotion of the light- water reactor building project, Deputy Prime Minister Kim stated that it is necessary to sign a treaty on mutual cooperation on atomic energy between South and North Korea and that he will actively seek a way to bring this about.

Regarding the Team Spirit joint military exercise, Deputy Prime Minister Kim stated: The resumption of the Team Spirit exercise depends upon the sincere implementation of the Geneva agreement between the United States and North Korea. If things go wrong with the implementation of the agreement, it will be inevitable to consider the resumption of the Team Spirit exercise.

Deputy Prime Minister Kim also stated that, if North Korea shows a sincere attitude toward South-North relations and the issue of achieving the reunion of separated family members in South and North Korea, he will take action to activate visits to North Korea by nonpolitical sectors, such as the religious, academic, sports, and cultural fields. He then stressed that, however, there has been no change in the government policy that all this presupposes dialogue between responsible authorities of South and North Korea [iron modon munjenun chaegim innun tanggukkanui taehwaga chonjedwaeya handanun chongbubangchimenun pyonhami opta].

## Draft Agreement on KEDO Organization Finalized

*SK1002124895 Seoul TONG-A ILBO in Korean 10 Feb 95 p 1*

[Report by Yi Chae-ho from Washington]

[FBIS Translated Text] It was learned on 8 February that the Korea Energy Development Organization [KEDO] will be made up of 18 countries—the United States, the ROK, Japan, Britain, Canada, Australia, New Zealand, Brunei, Kuwait, Saudi Arabia, Thailand, and Philippines, and others. In accordance with the Geneva agreement, KEDO is expected to be formed in early March.

In addition, KEDO's highest decision-making body will be a general assembly, which will be attended by all of the member countries. Under the general assembly, there will be an executive committee, a secretariat, and advisory committees.

According to a diplomatic source in Washington, the ROK, the United States, and Japan held a working-level contact at the U.S. State Department on 2 February and agreed upon the draft agreement on establishing KEDO.

In the event all 18 countries participate in KEDO as member countries, KEDO is likely to play the role of an international organization and could exercise greater pressure on North Korea in regard to the implementation of the Geneva agreement.

The source revealed that the executive committee will be made up of the ROK, the United States, and Japan and will play a pivotal role in providing light-water reactors and alternate energy to North Korea; and that some of the member countries will participate in KEDO without making financial contributions.

The source said KEDO will select two U.S. companies as special consultative companies to supervise the construction of light-water reactors and settle legal matters concerning the construction under close cooperation with the executive committee.

The articles of the draft agreement on KEDO establishment also include a provision that the general assembly will be informed of annual KEDO activities and will adopt an annual report; the secretariat will be made up of 30 officials with one secretary general and two vice secretary generals; the secretary general will be nominated from the U.S. side and will report daily activities to the executive committee; the advisory committees will be divided into a light- water committee, an alternate energy committee, and a spent fuel rod committee; and an annual KEDO budget will be earmarked around $10 million.

## North's 'Unstable' Power Structure Harms Ties

*SK1002140595 Seoul YONHAP in English 1351 GMT 10 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 10 (YONHAP)—Deputy Prime Minister and National Unification Minister Kim Tok has blamed North Korea's unstable power structure for the strained inter-Korean relations.

Speaking at a discussion meeting of Kwanhun Club Friday evening, Kim said, "North Korea's power structure has not yet been stabilized and I think this is primarily responsible for the strained inter- Korean relations... There has not been any significant progress (in inter-Korean relations) since the basic South-North agreement was signed, and I think it is desirable for us to make a small but realistic and feasible proposal to the North."

Asked about North Korea's invitation to Stephen Cardinal Kim Su- hwan for his visit to the North, he said he had told him that the government would like to help him visit the North while he is alive, though the government has not yet confirmed the North's invitation to him.

The cardinal is a considerate and prudent man and he would handle the invitation, if he received, in a sensible manner, he remarked.

As for Pyongyang's demand for return of the North Korean prisoners still loyal to the North's communist system, Kim said the government would consider sending them back to the North if North Korea returned the South Korean fishermen held in the North.

There never will be another case of oneway repatriation, like the case of Yi In-mo who was sent back to the North in 1993, he stressed.

Asked about the possibility of an inter-Korean summit, he said when the North formally has the head of state, the discussion of such a meeting will take place. The summit is not all of the inter- Korean relationship but will provide an opportunity of breaking through the stalemated inter-Korean dialogue, he added.

The government has not confirmed reports that South Korean businessmen have bribed North Korean officials for a visit, and anybody found to have given bribes to North Korean officials will face proper sanctions.

Asked when Kim Chong-il would formally become the North's leader, he said, "Frankly I don't know... North Korea is still ruled by Kim Il-song's portrait and shadow and I think Kim Chong-il will formally rise to power when this shadow disappears."

If South Korea becomes the supplier of light-water reactors to the North, an atomic energy cooperation pact must be concluded between South and North Korea before the essential parts of the reactors are delivered. The pact will stipulate for a ban on military applications and exports to a third country of nuclear materials, as well as on radioactive pollution, and for joint South-North nuclear research programs. The pact will bind the North to peaceful applications of nuclear energy, he stressed.

## North To 'Selectively' Invite South Koreans

*SK1002132895 Seoul CHUNGANG ILBO in Korean 10 Feb 95 p 5*

[FBIS Translated Text] It has been reported that around mid-February North Korea will selectively invite 5,000 or less South Koreans to the Pyongyang International Sports and Cultural Festival to be held in late April.

A Seoul-based source recently contacted a North Korean figure in Beijing, who stated on 10 February: "North Korea has already decided to selectively invite South Koreans to their Pyongyang festival," and that "before or after 15 February, it will disclose the specifics and scale of the invitations."

In a 6 February NODONG SINMUN editorial, North Korea stated that "We, the host, will make public our stand at a time we think fit." We can say that these remarks are also based on their decision to selectively invite South Koreans to their festival.

It is not yet clear what kind of criterion North Korea will establish or to whom it will send an invitation. Observers believe that North Korea will formally send invitations to "all South Koreans who want to participate in the Pyongyang festival."

This is because if North Korea only invites South Koreans—such as politicians, journalists, dissident organizations, and students—who support its position, it cannot avoid receiving criticism that it has made such a decision in an effort to conduct an united front strategy.

North Korea is likely to limit the scale of South Korean visitors by using invitations, which can be used to apply to the South Korean Government for permission to visit North Korea or for procedures to receive tourist cards, which will replace the North Korean visa.

North Korea cannot indefinitely accept South Koreans, even if the South Korean side allows them to visit Pyongyang, without restrictions. North Korea is presently evacuating people from apartments due to the lack of hotel and guest housing facilities.

North Korea predicts that approximately 15,000 to 20,000 people will participate in the Pyongyang festival from abroad. Of these, less than 5,000 will be South Koreans.

It has been observed that separated family members, which our government had assumed would be included in the invitations, are likely to be excluded by North Korea. The 6 February NODONG SINMUN editorial clearly expressed its intention to refuse separated families, saying that "talking about the reunion of separated family members or something else is a reckless act beyond common sense."

Also, it seems that North Korea will prevent South Korean journalists from freely covering news in Pyongyang by restricting them to only the Pyongyang festival and tourist events.

It is the South Korean National Unification Ministry's strategy that it will deal with North Korea's offensive acts by only allowing religious men and artists to visit North Korea.

The Pyongyang festival issue is expected to aggravate North-South relations, which have been characterized by the exchange of confrontational statements due to North Korea's offensive of inviting South Koreans and if the South Korean Government will allow South Koreans to visit North Korea.

### North N-S Cooperation Firm Withdrawn From PRC

*SK0802034995 Seoul KBS-1 Radio Network in Korean 0300 GMT 8 Feb 95*

[FBIS Translated Text] It has been learned that the Koryo National Industrial Development Association [KNIDA], a North Korean window for South-North economic cooperation, has recently been withdrawn from Beijing.

On 8 February, one government official concerned made public: We understand North Korea has recently withdrawn KNIDA; there has been a rumor that KNIDA has been bribed by ROK enterprises in connection with South-North economic cooperation.

### PRC Boats Caught Violating Territorial Waters

*SK1002121395 Seoul YONHAP in English 1205 GMT 10 Feb 95*

[FBIS Transcribed Text] Cheju, Feb 10 (YONHAP)—The maritime police caught two 30-ton class Chinese dragnet fishing boats for violation of territorial waters Friday afternoon.

The names of the boats and their crew members were not immediately known, though they were towed to Cheju port for investigation.

Police patrol boats caught them fishing 13 miles southwest of Cheju Island, or four miles inside the territorial waters, at 5:40 P.M. [0840 GMT], a police official said.

Earlier in the day, two other Chinese fishing boats were caught in the territorial waters off the island.

### Issues at Seminar on Globalization Summarized

*SK1002085495 Seoul YONHAP in English 0527 GMT 10 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 10 (YONHAP)—Former Foreign Minister Han Sung-chu stressed Friday the need to change regulations, laws and practices to reasonable and coherent ones to actively take part in the "globalizing world" and to survive the boundless competition in the new world trend.

In a keynote speech for a seminar titled "Globalization and Diplomacy of South Korea" held at the Institute of Foreign Affairs and National Security (IFANS) under the auspices of the Ministry of Foreign Affairs, Han urged the ministry to play a role in leading the country's globalization efforts by first carrying out globalization in diplomatic policies and the modes of conducting diplomacy.

According to Han, the globalizing world is an inevitable result of the increasing interdependence between countries in trade, investment, technology, economy, and telecommunications which virtually blurs national boundaries.

The ex-foreign minister also noted that in the globalizing world the economic power emerges as more effective in influencing other countries in international relations than the military power.

Han was referring to the "operational definition" of the globalization trumpeted by President Kim Yong-sam as this year's policy goal of the country, doubting the practical use of differentiating in abstract terms between globalization and internationalization, which was the dubbed policy target of the Kim administration last year.

Another characteristic of the globalizing world is the concurrent emergence of globalism and regionalism represented by the General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO) and Asia Pacific Economic Cooperation (APEC), European Union (EU) and North American Free Trade Agreement (NAFTA) respectively, said Han.

Speaking on economic diplomacy, Rep. Kang Kyong-sik of the ruling Democratic Liberal Party (DLP) called on the government to endeavor to make APEC, the "open" regional cooperative body, serve as a catalyst for the promotion of free trade in the entire world in addition to the Asia Pacific region, noting that such regional economic bodies as APEC, NAFTA and EU should be regarded as transitional ones toward one world market.

The launch of the WTO could not be seen as a conclusion of globalization, although it opened a new era for the world trade order, said Rep. Kang. "Negotiations are underway or just around the corner to establish the new world economic order on the opening of finance and other service sector markets - green round on environment, blue round on labor terms and competition round on fair trade competition."

To effectively cope with the variety of issues which need expertise, the ministry will have to consider employing outside authorities or signing contracts with agencies or institutes, insisted the ruling party lawmaker.

Professor Kim Mun-hwan of Seoul National University (SNU), in the meantime, called for the government to play a leading role in the inauguration of a Northeast culture center as a way to approach the country's national unificaton diplomacy from a cultural perspective as well as a means of promoting publicity of the country's traditional culture in the world.

Speaking on cultural diplomacy to materialize the globalization strategy, the SNU professor, however, said that it would be desirable for cultural exchanges to be made by nongovernmental organizations with the government fostering an atmosphere for the international cultural exchanges.

Professor Kim also emphasized the need to establish footholds for the introduction of Korean culture to major foreign cities such as New York, Paris and Tokyo by dispatching expert cultural officials to international cultural centers.

Kim recommended the cooperation between culture-related government agencies and social organizations to effectively implement cultural diplomacy.

Speaking on security diplomacy, Professor An Pyong-chun of Yonsei University said that the government will have to set an independent policy goal in security and diplomacy and exercise a leading role in bilateral relations with the United States and North Korea and multilateral relations with neighboring world powers including China, Russia and Japan to overcome unstable international security situations surrounding the Korean peninsula.

Among the situations which could affect the security on the peninsula is the U.S. Government's often "reactive" foreign policy, exemplified by U.S. reluctance to involve itself militarily in foreign countries, including Bosnia and Somalia, unless situations in the countries directly affect the life-and-death interests of the United States.

Instability in North Korea, including the possibility of the North's sudden collapse, also threatens security in the South, said the professor.

An recommended that the government set up a National Security Council as a presidential advisory group to coordinate security policy and introduce a regular news conference system on national security to promote the constructive role of national security for the media.

## Ruling Circle 'Considering' Constitution Revision

*SK1002021095 Seoul HANGYORE SINMUN in Korean 10 Feb 95 p 1*

[By reporter Chong Se-yong]

[FBIS Translated Text] It was learned on 9 February that the core ruling circle is considering revising the constitution to change the presidential term from its present five years to four years and allow reelections.

The secret discussions on the constitutional revision reportedly have developed considerably, but the timing and direction of the revision was not known.

According to sources, President Kim is likely to propose the four-year reelection revision in response to the demand of some political circles for a parliamentary government system, a demand expected to be stronger during the general election next year.

The sources also said the possibility cannot be ruled out that upon completion of his term, President Kim may run for president again after the revision of the constitution.

President Kim reportedly revealed his revision idea on 10 January during his meeting with Kim Chong-pil, then chairman of the Democratic Liberal Party, at Chongwadae [presidential offices]. A relevant politician said on 9 February that when Chairman Kim raised the issue of revising the constitution into a parliamentary system, President Kim objected, saying if a revision was necessary, "a four- year presidential term with the possibility of reelection" would be desirable.

After the meeting with President Kim, former Chairman Kim had an interview with TAEJON ILBO on 14 January, saying the core ruling circle "is inventing another scheme," and that "you will know what I mean soon." His remarks are thought to indicate President Kim's idea for a constitutional revision.

At a news conference on 9 February, former Chairman Kim explained the reason for his resignation from the Democratic Liberal Party. He said the promise to pursue a parliamentary government system, which was formed when the three parties merged, "was trampled and broken with no hope of recovery."

Taking every opportunity, President Kim has stressed that there will be no constitutional revisions during his term.

### Denies Rumored Report of Move

*SK1002022495 Seoul YONHAP in English 0145 GMT 10 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 10 (YONHAP)—The ruling Democratic Liberal Party (DLP) on Friday [10 February] denied as "out of the question" a local press report that those in the core of the ruling camp have been promoting an amendment to the constitution to allow a president to have a second term.

"The irrevocable policy of the ruling camp is that we will not revise the constitution at least during the term of President Kim Yong-sam," DLP Spokesman Park Pom-chin said.

He emphasized there can never be any constitutional amendment to allow a president to have a second.

The daily HANGYORE SINMUN reported Friday morning that some key ruling camp officials have been studying the issue of rewriting the existing constitution in a way that will make a presidential term four years instead of the present five and allow a president to have a second four-year term.

The study of a constitutional change is being made in strict secrecy and has progressed to a considerable extent, the vernacular newspaper said.

## DLP Functionary Refuses To Accept Party Post

*SK0802122995 Seoul YONHAP in English 1155 GMT 8 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP)—One of the key party functionaries of the ruling Democratic Liberal Party [DLP] appointed Wednesday, refused to accept the new post and the party had to name a new man in his place.

The party announced Wednesday afternoon, hours after publicizing the new lineup of key party officials, that it had chosen former lawmaker Chong Chong-taek as director of the Party's Central Political Training Center in place of Rep. Nam Chae-tu.

A party source said that upon the announcement of the initial lineup, Rep. Nam, hailing from Taejon, called on party Chairman Yi Chun-ku to tell him he couldn't accept the new duty due to his electoral district situation related to former DLP Chairman Kim Chong-pil's move to form a party of his own.

The party initially tried to persuade Nam to accept the new post but later agreed with Nam and selected Chong in his place in consultation with Chongwadae [presidential offices], the source said.

### Kim Chong-pil Formally Secedes From DLP 9 Feb

*SK0902020695 Seoul YONHAP in English 0143 GMT 9 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 9 (YONHAP)—Kim Chong-pil, former chairman of the Democratic Liberal Party (DLP), declared Thursday [9 February] his secession from the ruling party and enunciated his intention to create a new political party championing "progressive conservatism and rational progressivism."

Releasing a "statement to the nation" in a news conference at the National Assembly members' building, Kim said he was parting company with the DLP to inaugurate a new party aiming for the realization of the parliamentary cabinet system of government.

"The purpose of the merger of three parties into the DLP in 1990 was to introduce the parliamentary cabinet system to the country in order to create the politics of harmony," he told the press conference.

"And now, the basic spirit and promise of the three-way merger has been trampled down and scrapped with no signs of recovery, he insisted. "There is no more reason to stay on at the DLP."

Pointing out the danger and vulnerability of the current presidential system, Kim claimed that the country must adopt the cabinet system to systematically solve the problems arising from excessive concentration of power and despotism.

He disclosed that he will found a new political party where young and energetic figures could play central roles to realize their ideal and aspiration for the new era.

"I will inaugurate a new party and contribute it to the fatherland, where young and middle-aged figures of ability, wisdom and ambition will open a new century," he emphasized.

As to the nature of the projected new party, Kim explained it will seek progressive conservatism and rational progressivism and renounce radical and revolutionary changes that could cause discontinuities in history.

### Trade Minister Interviewed on Various Issues

*SK1002123595 Seoul SEOUL SINMUN in Korean 10 Feb 95 p 10*

[Interview with Pak Chae-yun, international trade and industry minister, by Chong Sin-mo; place and date not given—first two paragraphs are SEOUL SINMUN introduction]

[FBIS Translated Text] Pak Chae-yun, minister of trade and industry, stated: "As the business specialization policy is aimed at increasing national competitive strength, I will supplement and improve the policy to allow large enterprises to grow, focusing on their major business."

Asked for a comment on recent arguments about the government's business specialization policy, Minister Pak strictly said: "I have no intention of withdrawing the policy." Regarding the plan to privatize Korea Gas Corporation, he mentioned the possibility of centralizing economic power, indicating the intent to limit plutocrats' participation in its management. Chong Sin-mo, chief of SEOUL SINMUN Economic Division met with Minister Pak, the first minister of international trade and industry.

[Chong] Some people say that the government allowing Samsung to enter the automobile business has made the policy of business specialization into little more than policy.

[Pak] In the beginning, there were some arguments due to the negative influence of scouting for technicians in the automobile industry. Since Samsung prepared supplementary measures, the government decided to allow it in the business. However, there has been no change in the direction of the government's industrial policy. It is based on the principle that entering or withdrawing from a business depends on an enterprise's own volition and the market. The business specialization policy is aimed at increasing national competitive strength, so it is desirable for the government to intensify its support for the technological development of enterprises and for elevating their position.

[Chong] What are the prospects for exports and imports for this year?

[Pak] Exports have been comparatively smooth since the beginning of the year. This year, I believe, we can maintain the rate of export growth achieved in 1994, encouraged by the inauguration of the World Trade Organization [WTO], even under bad conditions in which the Japanese yen was devalued. It is expected that imports will also increase this year due to a worldwide rise in raw materials prices and invigorated facility investment. I will try to stabilize imports by increasing national competitive strength through technological development and by actively promoting domestic production of machines and parts.

[Chong] I think the inauguration of the WTO will accelerate the market opening, but it is highly likely that our small and medium-sized enterprises will lose their competitive strength.

[Pak] Keen competition will be unavoidable. However, the ROK is not the only country facing this situation. The new situation will provide those small and medium-sized enterprises, which have competitive strength, with an opportunity for resilience and growth. In order to enhance small and medium-sized enterprises' competitive strength, the government will prolong by one year the project of improving industrial organization and prepare an additional fund of 1 trillion won to support it. The government will expand its support for credit guarantee by establishing credit guarantee associations in each region. It also plans to expand the discount of commercial bills.

[Chong] Enterprises require a further easing of restrictions.

[Pak] As of the end of 1994, some 2,200 regulations have been eased since the inauguration of the new government. However, businessmen may feel unsatisfied because the action was taken within the bounds of not damaging the purpose of the policy, and because it takes time to take follow-up administrative actions, such as the adjustment of associated laws. The government will further ease those restrictions whose goals have been achieved and promote administrative convenience at the level of reform in the future. If it is difficult to do so, I will introduce indirect restrictions or retroactive restrictions.

[Chong] What is the condition of trade?

[Pak] Unless we cooperate, we cannot compete. We should open markets and investment, and should upgrade the trade system. We should strengthen industrial cooperation between the states, and should lay a foundation for three-dimensional trade cooperation through a multilateral cooperation system, including the Asian-Pacific Economic Cooperation forum. I intend to support enterprises by relaxing restrictive regulations based on a medium- and long- range strategy and to push ahead with a trade policy suitable for the WTO system.

[Chong] What impact will the lifting of U.S. economic sanctions against North Korea have on North-South economic cooperation?

[Pak] The United States relaxed only partial domains, including the law on trade restrictions, in order to implement the agreement reached at the North Korean-U.S. nuclear talks. Therefore, the immediate effect for promotion of North-South economic cooperation would be very small. If North-South economic cooperation is to be activated, North-South relations should be normalized to such an extent that the content of the North-South agreement, including direct trade, can be implemented. I intend to, first, activate our businessmen's visits to North Korea and processing on commission trade.

[Chong] Will Deng Xioping's death have on impact our economy?

[Pak] I think the Chinese economy will continue pursuing the line of reform and opening up even after Deng Xioping's death. Chinese leaders are reform-oriented and the Chinese Constitution, which was amended in 1993, expressly stipulates the market economy line. In view of the fact that the benefits gained as a result of opening have been widely permeated to the people, returning to a closed economy is not likely. Investments by our businessmen may temporarily shrink. However, factors for unrest will be removed as long as succession to power is carried out smoothly.

[Chong] Why is the privatization of Korea Heavy Industries Corporation and Korea Gas Corporation being delayed?

[Pak] In view of the relative economic importance of these two enterprises, the period of 'contract for researching the method of privatization has been extended for about six months. We are also reviewing measures for rationalizing the gas rate system.

[Chong] We are concerned about a possible electricity power shortage this summer.

[Pak] I also anticipate difficulty in the smooth supply of electricity due to the increased supply of cooling equipment, including air conditioners, prompted by constant economic growth.

In addition to the five power plants (2.3 million kw) which are under construction, we intend to complete construction of three plants (740,000 kw) before summer. We also plan to encourage people to install gas cooling devices as alternatives to electric cooling equipment. We will decide on the increase in electricity rates based on the judgment of the impact on prices.

[Chong] Because of the gas accident in Ahyondong, Seoul, sometime ago, people's anxiety has increased.

[Pak] An inspection team of experts, including those from Korea Gas Safety Corporation, is conducting safety inspections of major facilities and its investigation will be completed by 25 February. Based on the team's inspections, we will work out fundamental improvement measures. More than half of all gas accidents are caused by negligent handling of gas. Thus, we intensified education for gas safety for middle school students and civil defense forces.

[Chong] When will the liberalization of the oil industry, including oil prices, be realized?

[Pak] The government has implemented a flexible oil-price system since January of last year and has been preparing for the liberalization of oil prices and the oil industry. Based on the oil price liberalization plan announced last year, we are working to revise the oil industry law, and our revision work will be completed before the end of the first half of this year.

[Chong] What is the status of competition for the post of WTO secretary general?

[Pak] The possibility of the resignation of former Mexican President Salines from candidacy has been cautiously raised. However, it is too early to decisively assume this. Former ROK Minister of Trade, Industry, and Energy Kim Chol-su is winning a broad range of support, not only from Asia, but also from the Middle East and Africa. We strengthened diplomatic activities for candidate Kim's victory.

Editorial note: Minister Pak worked as professor at Seoul National University Economics Department. He was nominated as special assistant for economic affairs when President Kim Yong-sam was running for the presidency. When he was senior economic secretary for the president, he worked hard, and even brought a field army soldier's cot into his office. Thus, he is known as a "hard worker."

Amid indications of intensifying U.S. trade pressure against Asian nations, he will visit the United States on 12 February for the first time. How he will demonstrate his ability during this period is the focus of the people's attention.

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### Civilian, Military Aircraft Industry Viewed

*SK1002014595 Seoul THE KOREA HERALD (supplement) in English 10 Feb 95 p 2*

[FBIS Transcribed Text] The aircraft industry includes the manufacturing, maintenance, remodeling, and repair of aircraft, aircraft engines, engine parts, and equipment. It is a knowledge and technology-intensive industry that can progress only on the basis of accumulated scientific technologies.

Thus, because knowledge and technology are primary factors in its cost structure, the aircraft industry has the distinct feature of being almost entirely a value-added industry. Technology developments in the aircraft industry have a ripple effect on other sectors such as material treatment processes, electronics and machinery.

It also heavily relies on the military sector. Military aircraft currently account for approximately 50 percent of worldwide production in the aircraft industry.

Rapid technology developments in military aircraft design, including fighter lanes equipped with ultra-advanced electronic systems and high-performance missiles, are eventually transferred to the private aircraft sector, in response to a variety of customers looking for high-quality, diversity, and stability.

The Korean aircraft industry's early activities in the 1950s were involved primarily in military aircraft maintenance. Aircraft production started with the production of the 500MD military helicopter by Korean Air by 1976, based on a licensing agreement with Hughes Aircraft in the United States.

Following this, in 1982, Korean Air and Samsung Aerospace produced F-5E/F fighter plane, in a joint venture with General Electronics and Northrop Corp. Since the second half of the 1980s, Korean aircraft production has steadily increased as the industry accumulates the needed experience and technology.

In 1993, total production was $743 million. There has been an annual growth rate of 44.0 percent during the past five years in the industry. This sound performance is due for the most part to a steady increase in part and component orders from foreign manufacturers and a market shift in maintenance orders from Japan to Korea by the U.S. Air Force Pacific-based units because of yen appreciation.

The advanced foreign manufacturers, in an effort to reduce costs, reduced their own production of parts and components, thus presenting a timely opportunity for the Korean aircraft industry. Recently, the government launched the HX program, and this should provide the impetus for the industry to expand its "technology-licensed" production, centered on helicopter production.

In 1993, almost 90 percent of the aircraft industry's production involved airframes and engine components. Avionics-related production was only 3.7 percent. However, even in such basic products as airframes and engine components, the domestic industry used a significant amount of foreign technology and design because of the still low-level of Korean technology in these areas.

Accordingly, most production centered primarily on simple assembly or third-stage processing, both of which are low value- added activities. Fortunately, because of acquiring some design technologies through the recent successful production of airframes including the MD-11 Spoiler, sluggish order activity in engine components is expected to rebound as a result of local firms ability to produce semifinished products, which are processed through the design, manufacturing and assembly stages.

Beginning in 1994, the production of auxiliary and component parts and the mass-production of a military trainer aircraft and light civilian-use aircraft, for which prototype production is already completed, started. These new activities will help maintain the industry's about 20 percent annual growth rate in total production.

Domestic demand has increased dramatically since 1989, with an average growth of 19.8 percent. In 1993, domestic demand totaled $2.7 billion. This increase is attributable to such factor as improved military aircraft to maintain the nation's military power, an increase in substitution demand for outdated private aircraft and new demands stimulated by an expansion of international air routes and the establishment of a second national carrier, Asiana Airlines.

Because civilian aircraft and basic materials for parts manufacturing depend almost entirely upon imports, except for a limited amount of licensed-production of military aircraft, the increase in domestic demand for civilian and military aircraft after the second-half of the 1980s led directly to increased imports. Imports reached $21 billion in 1993. This represents an annual growth rate of 14.1 percent from 1989-93 due mainly to Korean Air and Asiana Airline's purchase of several large passenger planes. The two airliners accounted for about 50 percent of total imports for the five-year period.

The import dependency rate is currently about 90 percent annually. However, with domestic production of military planes such as the HX and KFP [Korea Fighter Program] due to start full scale in 1995, the import dependency rate should drop to approximately 70 percent.

Because of a limit in the number of new airplanes needed by the national airlines, as well as diversity in the kind of aircraft needed, Korea's small aircraft industry cannot meet this demand for new passenger aircraft. It would not be feasible or economical to expect the Korean aircraft industry to take on production of this kind, thus, imports in this category will continue.

Furthermore, imports of the required raw materials and component parts are necessary for domestic production of military aircraft and component parts for export. Henceforth, the import dependency rate will remain at around 70 percent for some time.

Exports registered record-high performances with an annual increase of over 10 percent from 1989- 93. By 1993, total exports had increased to $165 million from $112 million in 1989. This robust export activity is a result of increased orders for aircraft parts from foreign completed-aircraft manufacturers, including Boeing and McDonnell Douglas, and implementation of the government's offset program which contains purchases of completed-aircraft.

Exports are expected to remain at least at this level until early next decade, but price competitiveness is expected to be a problem. It will be difficult for Korean exports to maintain their current price competitiveness because of soaring manufacturing costs.

Facility investment in the aircraft industry has concentrated mostly on the capital equipment needed for expanding manufacturing capacity. By year-end 1993, total facilities investment for the five-year period reached $1.2 billion. Future investment will have to increase to facilitate expanding domestic production quantities.

R&D expenditures for the five years was $303 million. Of this amount, approximately 90 percent went for licensing fees for imported technology, thus, investment in pure R&D has been very low.

This is a serious challenge for the industry in that huge amounts of capital will be required for the successful development of a small size, light airplane, as well as participation in joint- venture development projects.

Nationwide by the end of 1993, there were some 7,100 person employees in Korea's aircraft industry sector. Manpower demand is expected to increase, though, into decade, as the manufacturing load increases.

Because of the lead time involved, i.e., training practical and educational periods, in finding the highly skilled type personnel needed by the industry, plans must be made now if the aircraft firms want to ensure a stable supply of manpower for their future projected growth.

There are approximately 4 companies in Korea's aircraft industry sector. The top three in terms of sales are Korean Air, Samsung Aerospace and Daewoo Heavy Industries. At the end of 1992, the top three's combined sales volume, facilities investments and number of employees represent 92.3, 88.0, and 76,6 percent respectively of industry totals. Aircraft industry activities, however, represent only 9.8, 36.1 and 5.6 percent respectively of these same companies total sales volumes.

The top there companies had combined losses of about $38 million in the aircraft division i8n 1993. This is equivalent to 5.4 percent of their total aircraft-related sales volume.

Profitability suffered from a variety of factors including lack of economies-of-scale with too many different products being manufactured in limited quantities, heavy dependence on simple or basic parts and components manufacturing versus development of high value-added items due to substandard technology levels and lack of domestic demand for previously high-selling products like some aircraft accessories. This situation has meant that the industry has to depend almost solely on military demand to boost sales.

Samsung Aerospace, with an estimated 1993 turnover of $304 million in aviation-related business, is the prime contractor in the Korea Fighter Program (KFP), which involves the assembling of 36 U.S.-designed F-16 fighters and the licensed production of another 72, beginning in 1997.

Korean Air and Daewoo are KFP subcontractors. Korean Air is the main supplier of helicopters to the Korean military, with estimated 1993 aircraft sales of $339 million. It has been assembling American-designed UH-60 Black Hawk combat helicopters since 1990.

Daewoo Heavy Industries, which had estimated aviation related sales of $61 million in 1993, serves mainly as a subcontractor on military aerospace program, though it has occasionally built training aircraft on its own.

Available technologies for aircraft overhaul maintenance and fabrication are competitive with the advance countries. Manufacturing technologies for aircraft parts have advanced steadily, through the offset production of the 500MD and the F-5E/F beginning in the 1970s, as well as parts for transport aircraft.

In the design field, the Korean aircraft industry is generally in the very early stages of development. However, the very early stages of development [sentence as received]. However, the industry does have promising potential that was built up through the successful development of the KTX-1, a primary trainer aircraft, and CHANG GONG-91, a light general aviation-use aircraft.

Production technologies for aircraft and fuselage parts are far behind the developed countries especially in the areas of casting and forging and heat treatment. This directly reflects the low technology level of Korea's machine industry.

Though the machine tooling process for engines is very similar to that for fuselages, the engine machine tool technologies are more complex, especially in regard to component materials, tooling, forming, and heat treatment due to the nature of aircraft engines and the conditions they must operate under, including high temperatures, high pressure and high speed.

Processes for surface treatments and bonding are adequate, while lacking in super alloy tooling, precision tool machining, titanium forming and investment casting.

### State of Telecommunications Industry Viewed

*SK1002013695 Seoul THE KOREA HERALD (supplement) in English 10 Feb 95 p 3*

[FBIS Transcribed Text] The information and telecommunications industry, which provides core infrastructure for today's overall social and economic development, is now being challenged by worldwide deregulation, liberalization, and globalization.

Korea is competing in information and telecommunications to stimulate telecommunications, as well as to keep up with the changing telecommunications environments. More than one hundred value-added network (VAN) service providers are now operating. Competitors have moved into international telephone service and mobile phone service. Paging service providers have been licensed to operate in specific regions since December 1992.

The Korean industry has improved both quantitative and qualitative since the 1980s, fueled by massive government investment which was in response to increasing demand connected with the move toward an information-oriented society.

The demand for the information and telecommunications industry's services in Korea amounted to 6.3 trillion won in 1993, an average annual increase of 18.9 percent during the period, 1989 through 1993.

By item, basic telecommunications increased by 18.1 percent annually during the same period because of the substantial growth in telephone service and the rapid rise in mobile communications service.

In particular, mobile communication service rose 82.3 percent. At the end of 1993, there were 20.2 million subscriber telephone lines, 785,000 mobile phone lines, and 4.4 million paging lines. Korea now ranks eighth in the world for telecommunications facilities.

Advanced telecommunications grew 24.4 percent per year during the same period because of increased demand by the information processing sector. The current market for advanced telecommunications is small compared to that for basic telecommunications, the demand for advanced telecommunications is expected to grow rapidly because of the widespread increase in information equipment like personal computers.

Residential telephone service provides basic communication and is the foundation for value-added communication. In addition to expanding the basic residential phone network, Korea has begun to modernize and upgrade facilities and services in rural and urban areas. Specifically, the groundwork has been laid for specialized telephone services which will pave the way for Korea to move on the information superhighway.

Korea Telecom (KT), in compliance with the government's policy, has installed an average of one million telephone lines a year throughout the nation since 1982. The successful development of full electronic switching system, Time Division Exchange (TDX) system, increased the speed of these installations in the 1990s. By the end of 1993, there were 16.7 million telephone subscribers. Furthermore, the subscription rate increased from 27.8 per 100 people in 1989 to 37.9 per 100 in 1993.

Since the availability of telephone communications facilities rose, the demand for telephone service also climbed at an average annual rate of 16.4 percent from 1989 through 1993, and accounted for 79.2 percent of the total information and telecommunications demand in 1993.

Advanced Mobile Phone Service (AMPS) instituted analog cellular car phone service in Korea in 1984 and moved into portable phone service in 1988. Mobile communications, which are expanding rapidly, increased annually on average 82.3 percent from 1989 through 1993.

The number of subscribers, 39,718 in 1989, increased about a hundred percent annually, to 471,784 by the end of 1993. Portable phone subscribers, merely 14.3 percent of the total number of mobile phone subscribers in 1989, outnumbered car phone subscribers by 79.8 percent at the end of 1993.

However, the number of mobile phone per 1,000 people in 1993 was 10.7, rather low compared to the number in developed countries.

In 1994 Pohang Iron and Steel Co. [Posco] was finally selected to be the second mobile phone provider and, beginning in 1996, it plans to provide Code Division Multiple Access service.

In 1982, prior to mobile phones, Nippon Electric Co. (NEC) system brought domestic paging service to Korea. Since that time, the Post Office Code Standardization Advisory Group (POCSAG) and Golay Sequential Code (GSC) system joined NEC in providing paging service and in 1990, all three services were unified into the POCSAG system.

The number of paging service subscribers, no more than 198,080 in 1989, increased drastically to 2,663,366 in 1993. Thus, there were 51.57 pagers per thousand people in 1993.

In 1992, ten new firms were licensed and have targeted specific regions of the country. Korea Mobile Telecommunications Corporation (KMTC), an established provider, must now vigorously compete for market share. During the last five months of 1993, the new service providers racked up 14 percent of paging subscriber totals.

Advanced communications network technology and the widespread use of computers have fueled the demand around the world for advanced telecommunications services. To keep pace with this international trend, in 1984 DACOM Network Service (DNS), a private data network system, constructed an information switching system that connects a telephone switching system to provide a variety of services to the public.

DNS is the key communications network in that it provides not only value-added communications services, but also commercialized communications network services. DNS also offer variable services from 300 bps [baud per second] to 56K bps. At the end of 1993, domestic access extended to 75 areas and overseas access to 54 countries.

There were 9,350 DNS subscribers in 1993. The number of subscribers for Leased-Line access increased at a greater rate than the number of subscribers for Dial-Up access because of the jump in corporate users. Leased-Line access is a dedicated line and is mainly used by companies while Dial-Up access is used by individual subscribers with a modem.

KT also installed HiNET-P in 1992. HiNET-P service provides nonvoice information, which cannot be transmitted on the existing public telephone network. Using the packet switching service for personal computers, the service furnished searchable databases and electronic mail networks. As of July 1993, there were 2,687 Dial-Up access subscribers and 2,058 Leased-Line access subscribers.

Special leased-lines services transmit information directly on- line, not passing through exchanger equipment, between two points where the users hope to communicate. This service is chiefly used by such group as banks, securities companies, and insurance companies. Special Leased-Lines for data communications are dedicated line services and are of two types: telephone lines and code lines.

A telephone line uses a modem to transmit analog data below 9.6K bps on frequency bands of 300Hz to 3,400Hz. A code line uses Digital Service Units (DSU) to transmit high-speed, high-quality digital data at speeds of 1,200 bps to 2.048M bps.

The number of special Leased-Line service subscribers increased substantially from 61,675 in 1989 to 149,548 in 1993, a yearly increase of about 25 percent. With the increased availability of value-added communications services, providers and group computer networks users now prefer high-speed lines with the speed of 9,600 bps and 56K bps.

Digital Leased-Line Service (DLS) provides high-speed, high- quality service with T1 (1.544M bps) lines and in 1993 reached out to 59 major cities. This service is now hooked up to six countries including the United States, Japan and France. The total number of DLS subscribers increased by 85.1 percent from 2,350 in 1992 to 4,350 in 1993.

Value-added services include PC telecommunications service, Electronic Data Interchange (EDI) service, computer reservations service, credit card information service, and database/data processing (DB/DP) service.

In 1990, the Telecommunications Business Law was amended to drop from the registration system, value-added communication business in Korea. Thus, the number of new such businesses shot up from five in 1990 to 162 in 1993. In 1994, this sector is on the report system in conjunction with the opening of the domestic communications market.

Chollian service, provided by DACOM, was reorganized so that users can simultaneously use PCs to communicate and search for various kinds of information.

Chollian, an interactive system, is also connected with PC-VAN, the largest PC communications service in Japan, and with DIALOG, the largest database service in the United States. Since its inception in 1988, Chollian has been the information industry's pacesetter in Korea. Chollian users almost doubled, from 62,660 in 1992 to 113,780 in 1993.

Electronic Data Interchange (EDI) service, an advanced business communications service, uses standardized formats and codes to exchanges documents via computer.

At present, there are two kinds of EDI service, information exchange and finance information exchange. These services are designed to exchange information between companies and between a main office and its branch offices. The number of EDI subscribers, offered by DACOM, more than doubled from 1,374 in 1992 to 2,832 in 1993.

A basic DB/DP service enables users to readily obtain collected and processed data on various subjects.

## Burma

### SLORC Official Receives UN Special Envoy

*BK0902021195 Rangoon Radio Myanmar in Burmese 1330 GMT 8 Feb 95*

[FBIS Translated Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC], received Mr. Alvaro de Soto, assistant secretary general and representative of the UN secretary general, and Mr. Fransesc Vendrell, director of the East Asia and Pacific Division of the UN Political Affairs Department, at the Ministry of Defense's Dagon House at 0800 this morning.

At the meeting Slorc Secretary-1 Lt. Gen. Khin Nyunt explained the Union of Myanmar's [Burma] political, economics, and social situations and national races matters; efforts to bring about a peaceful, tranquil, and developed country; for the drawing of a firm new constitution and election of a new government in accordance with the constitution; steps taken for national reconciliation and border development activities.

### UN Special Envoy Departs Rangoon 8 Feb

*BK0902021495 Rangoon Radio Myanmar in Burmese 1330 GMT 8 Feb 95*

[FBIS Translated Text] Mr. Alvaro de Soto, assistant secretary general and representative of the UN secretary general, left Yangon [Rangoon] airport by air this evening.

He was seen off at Yangon International Airport by U Ba Thwin, director general of the International Organizations and Economics Department of the Ministry of Foreign Affairs, and responsible personnel.

### Army Suffers 'Heavy Casualties' in Kawmura Raid

*BK1002075595 Bangkok THE NATION in English 10 Feb 95 p A4*

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Mae Sot—The Burmese Army has suffered heavy casualties and ammunition loss from Wednesday's massive ground and artillery assault against the Karen guerrilla stronghold at Kawmura, opposite Mae Sot district, Tak province.

Thai border and guerrilla sources said the bodies of at least 54 Burmese soldiers, several of whom were Karen deserters were found at the Kawmura front line. Some of the bodies were retrieved by the Burmese after they halted their ground assault at 5 pm on Wednesday.

The sources said at least six trucks full of wounded Burmese soldiers left the area for Thingan Nyinaung for medical treatment or to be transferred to Rangoon or Pa-an, which is the capital of Burma's Karen State.

Guerrilla sources said seven Karen soldiers were killed and four wounded during Wednesday's attack, the heaviest since the Burmese Army launched its simultaneous ground and artillery assault against Kawmura on Monday.

The high number of Burmese casualties was a result of their decision to launch ground attacks to hopefully break through the Karen line, which was well protected by layers of barbed-wire, mines and booby traps.

The guerrillas also seized a number of weapons and ammunition from the Burmese army. At least 20 assault rifles, one 7.62-mm machine gun, two wire cutters and ammunition were captured. The Karen also seized a Burmese flag and the Fifth Burmese Company flag from the fighting zone.

The heavy bombardment and ground assault has come to an almost complete halt since Wednesday, but sporadic artillery fire can still be heard.

Thai and Karen sources said they believe the Burmese Army is reappraising its strategy and regrouping after the casualties and ammunition losses.

They said several thousand heavy artillery shells were used on Tuesday and Wednesday. The Burmese Army deployed heavy artillery in large numbers, including 78-mm and 81-mm mortars, eight 120-mm mortars and four 105-mm guns.

The sources said they had heard that the Burmese were sending for 10 107-mm recoilless guns to strengthen their forces.

The Burmese 44th Division Commander, Brig Gen Tin Lwin, has been directing the operations against Kawmura, the guerrillas' 101th special military unit, from a nearby town, while Maj Gen Maung Hla, commander of the Southern Operation Command, is believed to have been monitoring the whole offensive in Pa-an.

According to Karen sources, the Burmese Army deployed four battalions in the attacks and that one more battalion had been sent for to replace and reinforce the troops.

Thai border sources said the Burmese Army is "determined" to capture Kawmura, which has survived several heavy Burmese offensives since 1989, after it had overrun Manerplaw, headquarters of the Karen National Union (KNU) opposite Tak's Tha Song Yang district, on December 27.

The fall of Kawmura, about 14 km from Mae Sot, would mean that the Burmese junta would control the 200-300 km border area previously controlled by the KNU.

The sources said a major debate has been going on within the Burmese junta and army as to whether "it is worth losing such a high number of troops and military resources in an operation to gain a one-square-kilometre area."

Some junta leaders, particularly the Chief of Military Intelligence, Lt Gen Khin Nyunt, who initiated and supported the ceasefire talks with about a dozen armed ethnic groups, wanted to engage the Karen in dialogue, but the armed forces and regional commanders, especially Army Commander-in-Chief Gen Maung Aye, supported the use of force to wipe out the ethnic insurgency.

The Burmese junta broke its unilateral ceasefire against the Karen, declared in April 1992, and launched an unexpected and lightning offensive against Manerplaw in early December, when the KNU was facing a religious rebellion which saw the eventual breakaway of about 300 to 400 Karen Buddhist troops.

### Journal Interviews General Abel on Economy

*BK1002090995 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 16 Feb 95 p 52*

[Interview with Brigadier-General David Abel, Burmese minister of national planning and development, by FAR EAST ECONOMIC REVIEW correspondent Michael Vatikotis in Rangoon; date not given—all questions in boldface]

[FBIS Transcribed Text] **[Vatikotis] How does the government propose to tackle the currency issue?**

[Abel] This does not depend on us. It depends on the International Monetary Fund. As we are a member of the IMF we have to seek their assistance. We have to take the rap—the currency wasn't aligned for 30 years—so we have to do it. But the hardest hit will be the man in the street. Now this adjustment will have to be done with a human face. We cannot let our people suffer. We know that we have to realign the currency and we will do it. Meanwhile, investors can use the present instruments and they won't suffer.

**[Vatikotis] Doesn't the current system hinder investment in the manufacturing sector?**

[Abel] I'm not disappointed in the sense that the manufacturing sector is still in its infancy stage. In the manufacturing sector alone there are 43 projects but the amount is not so large because we haven't really reached the stage where manufacturing is an important sector We will encourage primary- and agriculture-related investments. We'll encourage oil and gas to a large extent we will encourage services and tourism mining, manufacturing, fisheries, an forest-related products.

**[Vatikotis] How important is the government's privatization policy?**

[Abel] In 1988, 96 percent of production was in the hands of the state, the rest under the control of cooperatives. So in 1988 when we started our privatization policy, we pushed it very fast. Up till the end of March 1994, 76 percent of GDP was in the hands of the private sector and only 21 percent was in the hands of the government. Of that 21 percent we are trying to privatize as much as possible.

**[Vatikotis] Over which parts of the economy will the government want to retain control?**

[Abel] Perhaps some parts of the telecom sector and some areas of manufacturing like strategic industries that we cannot give to the private sector.

**[Vatikotis] Can you offer a timetable for allowing foreign banks to operate?**

[Abel] The main objective now is to wait for the opportune time. So it can be a joint venture or full-fledged branch operation. But they will have to be under the control of the central bank and they will have to bring in the capital.

**[Vatikotis] How important is the restoration of foreign aid to the opening of Burma's economy?**

[Abel] It is important. If we want rapid economic growth, foreign assistance can play a vital role. But the government has also decided that time is an important factor. So even if we don't get the aid, whatever resources we have, we're going to do it ourselves.

**[Vatikotis] Will concerns about the country's political climate fade and pave the way for foreign investment?**

[Abel] Investors are coming already—not eventually. They are taking Burma very seriously and coming now.

## Brunei, Malaysia & Singapore

## Malaysia

### Commenatry on Maritime Safety in Malacca Strait

*BK0902142995 Kuala Lumpur Voice of Malaysia in English 0810 GMT 9 Feb 95*

[Station commentary]

[FBIS Transcribed Text] For quite a while now, Malaysia has been calling for an international conference on maritime safety in the Strait of Malacca. There have been several mishaps which have resulted in oil spill into the waters surrounding the littoral states of Malaysia, Singapore, and Indonesia.

Still the developed countries whose ships pass the strait daily take no heed. It is clear that for years, merchant shipping has regarded the freedom to pollute the waters as part and parcel of its freedom to navigate along the strait, which is totally unbecoming and smacks of utter irresponsibility on the part the merchant ships.

The recent case of several ships which have fled detention in Malaysia brings to light the need to police errant vessels. Existing regulations governing the territorial water have proven to be ineffective in managing pollution and dangers to the environment. So widespread has been the illegal dumping of waste by passing ships that has been common knowledge among both the maritime industry and the authorities. But little can be done in terms of enforcement.

About two years ago the littoral states tried to impress upon the International Maritime Organization, IMO, to permit them to charge shippers for the sludge they leave behind. But they were buried under authoritarian of International Legislation. This is because the United Nations Convention on the Law of the Sea forbids any levying of toll on grounds of innocent passage as it guarantees that all transit shipping is free to sail unmolested through international sea lane. However, this has been abused and the damage continues. The crux of the matter is that major maritime nations are reluctant at revising the legal concept of free passage.

But while they drag their feet, littoral states like Malaysia have to bear the cost of cleaning up the strait. One shudders to think of the dire consequences of a major oil spill to Malaysia's coastal environment as well as that of Singapore and Indonesia. Obviously, innocent passage cannot be so innocent when there is real threat of marine pollution. As such there has to be some burden-sharing by the littoral states and the users of the waterway.

The current state of affair, under the guise of outdated maritime laws, cannot be allowed to go on. Short of a world-waking disaster which is difficult to see the major trading powers conceding to changing the rules of the game. They have taken things for granted mainly because the current situation favors them. Like it or not, Malaysia and its neighbors along the strait are going to be left to look after the waterway on their own. The [words indistinct] Maritime Enforcement Coordinating Center due to be operational in 1997 will go a long way in elevating the problem, but this will not be enough taking into account oil spills can cause untold damage, beyond the financial capabilities of the littoral states.

The major trading nations cannot continue to turn a blind eye. They too must share the responsibility of safeguarding the strait if their rhetorics of protecting the global environment is to mean anything.

### Minister Opposes Plan To Link Trade, Labor

*BK0902143095 Kuala Lumpur UTUSAN MALAYSIA in Malay 9 Feb 95 p 5*

[FBIS Translated Text] Kuala Lumpur 8 Feb—Minister of Human Resources Datuk Lim Ah Lek said today that there is no economic rationale in the plan by the European Union's Generalized System of Preferences (GSP) to link GSP privileges with the observance of the International Labor Organization, (ILO), standards.

He said that this is an incorrect policy that would be detrimental to the workers and would be used to cover up protectionist tendencies.

Speaking to journalists in Kuala Lumpur, the minister said Malaysia is opposed to the link between trade and labor standards because it would negatively affect development efforts in the developing countries, bearing in mind that they would be denied participation in the free trade system in accordance with the principles accepted at the Uruguay Round of multilateral trade talks under GATT.

"If we are denied entry to free trade and markets, the workers will suffer from the eventual closure of companies, exports losses, and unemployment," he said.

Mr. Lim said that the developing countries should not be expected to observe labor standards equal to those of the advanced countries because the developing countries are faced with several problems such as unemployment, poverty, and foreign debt.

"These countries should be provided with assistance and not be burdened with new conditions," he said.

Mr. Lim said that the developing countries have very little competitive edge when compared to the advanced countries that possess advanced technology and marketing expertise.

"To require the developing countries to cater to the same level of labor standards as the advanced countries would only erode their existing competitive edge and add more problems," Mr. Lim said.

He said due to this, the recent Nonaligned Movement Labor Ministers Conference in New Delhi stressed that linking trade with labor standards is absolutely unacceptable. The ministers had drafted a program of action to oppose such links at the international level.

He said that the conference also urged the ILO to be firm in its effort to review and update the existing labor standard by taking into consideration the socioeconomic situation in the various developing countries and their levels of economic development.

Mr. Lim said Malaysia held strongly to the idea the workers' rights should be protected, and in line with the trade growth, they should receive the benefit from that.

At the news conference at his ministry today, Mr. Lim told journalists that the Cabinet today meeting discussed the GSP issue, and the ministers decided to oppose any attempt to link trade with social clause.

## Singapore

### Editorial Views Sino-U.S. Trade Dispute

*BK0902161795 Singapore THE STRAITS TIMES in English 8 Feb 95 p 22*

[Editorial: "Dispute Real, Stakes Higher"]

[FBIS Transcribed Text] The spectre of the Sino-American trade dispute, over the protection of intellectual property rights, escalating into a trade war has aroused worldwide alarm. It should. An all-out trade war between the two economic giants will not only hurt both—annual trade between them stands at about U.S.$40 billion (S [Singapore] $58 billion)—but also disrupt economic relations in an integrated global economy. Nowhere will its effects be felt more keenly than in the Asia-Pacific, whose rapid rise is fuelled by the opening-up of China and its contribution to growing trade. It was reassuring, therefore, to hear US Trade Representative Mickey Kantor say, after receiving a letter from Chinese Trade Minister Wu Yi expressing willingness to resume talks, that Washington would send its negotiators back to Beijing next week.

The dispute turned ugly because of the difficulty of reconciling what are genuine concerns on both sides. America's computer programs, films and music are among its fastest-growing and most competitive industries. They give it an international edge which it seeks to protect. That is understandable. Though piracy is not restricted to China—it is an international scourge—the breach of copyrights, trademarks and patents there costs the US nearly U.S.$1 billion a year, according to the most quoted estimates. Washington is thus demanding that Beijing undertake immediate anti- piracy measures, including shutting down illegal compact disc producers. Particularly galling are the activities of 29 factories in the south which produce 75 million illegal copies of American music and movies a year. It is also demanding that Beijing make more structural changes to improve intellectual property protection by increasing border safeguards, instituting a system of copyright verification and permitting wider access to copyright courts. In addition, the Americans want a more open Chinese market for films, music and other intellectual goods.

The Chinese response, rightly, has been not to deny that piracy is a problem. Mr. Shen Rengan, the deputy director-general of the National Copyright Administration, acknowledged last month that there were "loopholes" in China's "infant market system" which copyright violators had exploited. He argued, however, that since China's first copyright law had taken effect only on June 1, 1991, the publication of foreign books or the use of foreign software in the country before that date could not be regarded as piracy. As for world conventions, they were not applicable unless China endorsed them, he added. Demands that Beijing revise laws and submit regular progress reports to Washington infringe on Chinese sovereignty, officials argue. Sometimes, they say, demands on dealing with pirates can be unreasonable. Asking China to conclude trials of accused copyright violators in six months, they note, is cheeky because similar trials in the US can take three years or more. And it is not as if China has done nothing, analysts add. A decree by the State Copyright Administration requires firms publishing foreign recordings to re-register; they will be fined or punished otherwise if they do not have valid contracts with copyright owners. This provides the legal basis for raids on the 29 pirate factories.

Evidently, then, the dispute turns on the extent and pace of the Chinese action which the US demands. Admittedly, reconciliation will take hard work. What is equally obvious, however, is the damage that will be wrought by American sanctions and Chinese counter-sanctions—which include, ironically and pointedly, 100 per cent tariffs on the cassette tapes and CDs whose copyright protection the US seeks. If no solution is found, each side can take even harsher measures. All eyes now turn to the period between February 13, when renewed negotiations are to begin, and February 26, the day sanctions will go into effect if no solution is found. "Everyone believes that dawn will follow the darkness," a Shanghai analyst said of the dispute. The shorter the night, the better.

### Antidumping Duty Imposed on Turkish Steel

*BK0902161095 Singapore Radio One in English 1400 GMT 9 Feb 95*

[FBIS Transcribed Text] An anti-dumping duty will be imposed from tomorrow on reinforced steel bars from several Turkish steel mills. NatSteel [company] had launched a complaint with the Finance Ministry that the Turkish steel bars were being imported into Singapore at below cost price.

The imports of reinforced steel bars will be subjected to duties of up to 96 [Singapore] dollars per ton. The duty is an interim measure pending investigations by the anti-dumping authority.

## Cambodia

### Hun Sen Meets With French Cooperation Minister

*BK1002084295 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 10 Feb 95*

[FBIS Translated Text] Samdech Hun Sen, second prime minister of the Kingdom of Cambodia, told Bernard Debre, the French minister of cooperation, who is on a visit to Cambodia, that an issue which has been raised and which has been attracting attention is the wish to grant power to the king. This issue persisted until 6 February, with some local newspapers publishing reports regarding the aforementioned wish. However, the issue has been dealt with by the king himself, who has rejected such power. Samdech Hun Sen further said that obeying this call would destroy the Constitution and the efforts of the international community, which has spent $2,000 million for the free election in Cambodia, which legitimized the state authority in Cambodia. Acting in this way would also mean destroying all the efforts by Cambodia and the international community.

Dealing with the third ICORC [International Conference on the Rehabilitation of Cambodia] in Paris, Samdech Hun Sen pointed out that although the ICORC cochairmen will alternate between those from Japan and those from France and the venue of the meeting will alternate between Tokyo and Paris, Cambodia would like to have the fourth ICORC held in Phnom Penh in 1996.

Samdech Hun Sen further said that during the coming visit to Paris by the heads of the Cambodian Government, Cambodia hopes to sign a number of bilateral agreements with France. Cambodia cannot just lie down and wait for foreign aid; it also needs investment from foreign countries, including France.

Samdech Hun Sen affirmed that Cambodia wished the ICORC, to be held in mid-March, success and wished the same for the bilateral cooperation between France and Cambodia.

### Official Claims Lao Soldiers Crossing Border

*BK0902141395 Hong Kong AFP in English 1057 GMT 9 Feb 95*

[FBIS Transcribed Text] Phnom Penh, Feb 9 (AFP)—Lao soldiers are protecting countrymen felling trees just inside Cambodian territory in remote northern Stung Treng province, a Cambodian official said Thursday.

Secretary of State for Interior Kieng Vang said some 150 Lao soldiers moved several kilometers (miles) inside Cambodian territory in late December and were now stationed in the Koh Russey district of the densely forested province.

"They defend the Lao businessmen who cut down trees in the area," Kieng Vang told AFP.

The Interior Ministry had written to Laos asking that the soldiers be withdrawn but had yet to receive a response, he added.

"The ministry is cooperating with the local military and the Stung Treng governor to establish a mixed committee to solve this problem with the Lao side," Kieng Vang said.

But a Lao Embassy official here, Thongloung Sayavong, said he was not aware of any Lao soldiers inside Cambodian territory.

"We have a lot of land and a small population, I don't know where this report comes from," he said.

### NADK Commends Battambang Battlefield Success

*BK1002051595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 9 Feb 95*

[Commendation from the National Army of Democratic Kampuchea, NADK, Supreme Command for the cadres, the army, and the people on the battlefields in Battambang Province; date not given—read by announcer]

[FBIS Translated Text] I. Recent, successful experiences on the battlefields in Battambang Province—the northern, southern, Moung-Pursat, Route 10, and western sectors—were marked by the fact that our army and people were able to launch effective and systematic hit-and-run attacks against the enemy.

On the North Battambang battlefield, our army and people kept attacking and wiping out the administration of the two-headed government, thus dispersing and sweeping them away one after another from the areas along the bank of the Sangke River up to the Stoeng Chas River—from Bak Prea, Prek Norin, Peam Ek, and Don Teav, to Vat Sophi; along the Mongkolborei River bank from Mongkolborei township downward; along the Stoeng Kralanh River bank from the lower part of Route 6 to Bak Prea; along and adjacent to Route 5 from the southern part of (Me Kum), Tumpung, Paoy Samraong, and Veal Trea up to the Stoeng Pheas River.

In addition to attacking the enemy's political networks of all categories, our army and people attacked the military administration of the two-headed government, both military and police, smashing them and wiping them out in succession.

On the South Battambang battlefield, our army and people attacked, wiped out, and swept away the political networks of all categories of the two-headed government, including all kinds of civilian administrators, spies, intelligence agencies, and pacifists, and kept attacking their military administration in line with the guerrilla and people's warfare, along the Sangke River banks from Banan, Bay Damram, Chheuteal, Vat Pou, and Sala Lok Balat; and in areas along and adjacent to the railroad from Tpde, Reang Kesei, (Svay Cheat), O Sralau, and O Dambang up to the outskirts of Battambang town.

At the same time, our army and people launched a hit-and-run attack to cut off some railroad tracks.

On the Moung-Pursat battlefield, our army and people launched successive activities and attacks to smash and sweep away the two-headed traitors' administration, spies, and pacifists and were able to defeat and wipe out large as well as small groups of the two-headed invading forces by launching guerrilla attacks, detonating mines, and setting up more mines, punji stakes, and booby traps.

At the same time, we sent mobile forces to attack the enemy from the rear areas adjacent to the railroad and continuously cut off stretches of railroad track.

On the Route 10 battlefield, our army and people have recently experienced success in attacking the enemy. We launched attacks according to the guerrilla and people's war line by using guerrilla tactics, detonating mines, setting punji stakes and booby traps, and continuously destroyed many enemy forces.

On the West Battambang battlefield, our army and people have been more successful in launching attacks in line with the guerrilla and people's warfare, actively deploying light, small, secret, mobile groups of forces. We kept smashing and wiping away the civilian administration, spies, intelligence agents, and pacifists of the two-headed elements on one section from Khnach Romeas and Thmar Kol to Route 5 and on another section from Anlung Romeas and Sophi to Route 5 in O Ta Khi, O Ta Kae, Kbal Khmouch, and (Chai San). Our army and people wiped out the two-headed invading forces by using mines and punji stakes, defeating and causing them to flee in disarray.

Battambang Town is now being encircled from all directions by the National Army of Democratic Kampuchea [NADK] and the people.

The traitorous two-headed ringleaders, Hun Sen, Ranariddh, Chea Sim, Antheas [Tia] Banh, Ke Kimyan, and others, are in great alarm. Even the United States, Australia, and France are in great alarm.

II. The NADK Supreme Command and the entire Cambodian people wish to commend the valiant heroism of the NADK and the people on the battlefields in Battambang Province. They have fought against the old enemy, the communist Vietnamese exterminators of the Cambodian race; the new enemy, the Western alliance with the United States, Australia, and France as the ringleaders; and their lackeys, the two-headed elements, with a lofty sense of responsibility for the nation, people, and race and with determination to defend and preserve the Cambodian nation and race.

III. All this has been made possible thanks to the efforts of the commanding cadres at all levels of our army and people on the battlefields in Battambang Province. They have been well aware that:

1. The communist Vietnamese aggressors have been killing our Cambodian nation and people and annihilating our Cambodian race for the past 16 years, and are still doing so.

2. The Western allies with the United States, Australia, and France as the ringleaders have joined hands with the communist Vietnamese in continuing to kindle the communist Vietnamese war of aggression to kill the Cambodian nation and people and exterminate the Cambodian race.

3. The two headed elements with Hun Sen, Ranariddh, and Chea Sim as the ringleaders have continued to betray the nation, sell out the country, and serve as lackeys of the communist Vietnamese and Western alliance to continue killing the Cambodian nation and people.

The fire of national hatred against the old and new enemies and their lackeys—the two-headed elements—direct them [the cadres, army, and people] to fight for the defense and survival of our Cambodian nation, people, and race.

It is this spirit that has led our commanding cadres at all levels, the army, and the people on the Battambang battlefields to fight fiercely against the old enemy, the communist Vietnamese aggressors, the new enemy, the villainous Western alliance, and the two-headed government. Nothing is too difficult. Nothing is too hard to accomplish. Everything can be done, anywhere. This is because the cadres have become even more determined and astute and our army and people have become even more determined, astute, and combative.

## Khmer Rouge Cite Preah Vihear Military Events

*BK1002062595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 9 Feb 95*

[Report on military situation on the Preah Vihear battlefield]

[FBIS Translated Text] Prum Samen is crying out for help from Hun Sen, Ranariddh, and Tie Banh because he is in his death throes on the Preah Vihear battlefield. This is because:

1. By now, his front-line forces on Preah Vihear battlefield have all been smashed by our army. Both Divisions 14 and 2 were smashed. Their men were killed, wounded, and forced to flee in disarray from the battlefield due to mines, punji stakes, and our ambushes and sniping.

On 8 February alone, enemy soldiers who climbed up the hill and crossed into Thai territory so as to attack us from the rear were ambushed and smashed by our forces. Six of them were killed on the spot and a dozen others were wounded. The survivors fled in disarray and lost their way in the jungle.

Also on 8 February, those who were at the foot of the hill were also attacked and smashed by our forces. Seven of them were killed and 15 others wounded. We ambushed those who were carrying the wounded away by detonating mines and firing two 120-mm rockets at them, killing 12 and wounding 20 others. The survivors fled in great alarm, leaving behind their dead and wounded colleagues throughout that jungle area, with the latter on stretchers crying noisily in desperation .

On this front of the Preah Vihear battlefield, Prum Samen told his soldiers to dig holes in which they must stay for four or five more days. But they could not stay that long because we attacked and forced them to flee in panic.

2. Also, Route 12, which is the artery of this Preah Vihear battlefield, has been disconnected for over two months now. The enemy tried in vain to reopen this route with tanks and armored cars. They could not reopen even a one-kilometer stretch of that road.

3. Their tanks and armored cars ran over our mines, with one or two of them being destroyed everyday.

4. Prum Samen himself was encircled and attackecd a few times by our forces. He escaped our encirclement, shivering from cold because he took off and left his uniforms behind to hide his identity.

Almost nothing is left for the enemy on Preah Vihear battlefield. There are no more commanders, soldiers, or rice. Only a small amount of ammunition is left. There are no fuel oil, water, medicine, or doctors. Thus, the wounded and sick soldiers die everyday. Recently, that is, on 6 February, two generals on Route 12 died; one is an infantry unit commander and another is an engineering unit commander.

On the front, about 12 colonels, lieutenant colonels, and majors have been killed so far.

Prum Samen cried out for help, calling on Division 11 to launch a support operation from Sre Noy and Divisions 3 and 9 to launch an offensive from Route 68. However, the one from Sre Noy did not have enough forces. After leaving their position for a few kilometers, they suffered shortages of food and water, ran over our mines and punji stakes, and were constantly ambushed by our guerrillas and people. They were then forced to retreat in disarray.

Those from Route 68 also faced the same problem. Those from Divisions 3 and 9 also ran over our punji pits, booby traps, and mine field. They were attacked with mines and ambushed by our forces. They suffered shortages of food and water. They fell into our encirclement. We attacked them from the front, rear, and middle. We tore them off, cut off their tail, and smashed them to pieces. Many of them were killed or wounded and the survivors were forced to flee in disorder.

Therefore, both those who have been in Preah Vihear for over three months now and those from Sre Noy, Samraong, Chongkal, and Srei Snam are all smashed. None of them can help the others.

So it seems that this cornered Prum Samen is in his death throes. Neither Prum Samen nor his soldiers will be able to survive for a few more days in this month.

Prum Samen is now doing nothing but crying out for Hun Sen and Tie Banh to fly in and fight by themselves. Ranariddh, who has already lost his Rumchang City, should come to Preah Vihear to fight by himself.

## Indonesia

### Daily Views U.S.-PRC Trade Dispute

*BK0902162595 Jakarta SUARA PEMBARUAN in Indonesian 8 Feb 95 p 2*

[Editorial: "The U.S.-PRC Trade Crisis"]

[FBIS Translated Text] Bilateral trade talks between the United States and the PRC were deadlocked over the piracy of copyrights, patents, and trademarks. The PRC has pirated U.S. copyrights, patents, and trademarks. Accordingly, U.S. Trade Representative Mickey Kantor announced last Saturday [4 February] that the United States would impose 100-percent import tariffs on $1.08 billion worth of goods imported from China. The sanction, which will take effect o 26 February, will be the greatest trade sanction in the U.S. history.

Several hours after the announcement, the Chinese Ministry of Foreign Economic Relations and Trade issued a statement in which it expressed deep regret over the sanctions and said that the United States had undermined the PRC's national sovereignty and pride. In addition, the PRC will retaliate against the U.S. sanctions by imposing similar import tariffs (100 percent) on U.S. goods entering the PRC.

Both Washington and Beijing have issued a three-week deadline for discussions on an agreement to protect U.S. copyrights, patents, and trademarks from being widely pirated in the China before each party imposes import tariffs. Tension between the two countries slightly diminished after the PRC Ministry of Foreign Economic Relations and Trade sent a message to Washington on Wednesday [8 February] that China is ready to discuss the piracy of the U.S. copyrights next week.

The United States will lose the potential market of 1.2 billion Chinese, although their per capita income is still low. More than that, the U.S. desire to accelerate a shift in the PRC economy from the communist system to an open market system will be severely undermined by the trade dispute. On the reverse side, the PRC will lose billions of dollars worth of the U.S. market.

In this regard, Industry Minister Tunky Ariwibowo told reporters following a working meeting with House Commission VI [Roman six] on Monday [6 February] that the trade crisis between the two countries should be monitored. On the one hand, the crisis will give a greater export opportunity to the United States. On the other, PRC products may flood other countries. Meanwhile, Foreign Minister Ali Alatas and Trade Minister S.B. Yudono agreed that the trade dispute will not greatly affect Indonesia because of different trade compositions.

However, some believe that the PRC goods worth over $1 billion will flood other markets in the world, including Indonesia if they cannot enter the U.S. market due to a high degree of protection. Although the consequences of the trade "war" between Indonesia and the PRC are not expected to change the existing pattern of trade between Indonesia and the PRC, the possibility of PRC products flooding markets outside the United States should be anticipated because the dispute will stiffen the already stiff competition in world markets, especially over the marketing of textile and textile products, footwear, consumer goods, and machinery components, which have become the PRC's superior manufactured products.

On the reverse side, if the trade crisis between the two countries drags on, a vacuum left by the absence of PRC goods on the U.S. market will give an opportunity to Indonesian products. However, another aspect will have to be anticipated in case the U.S.-PRC trade dispute is not settled. The dispute will have a negative impact on APEC [Asia-Pacific Economic Cooperation] because the two countries are members of the Asia-Pacific economic forum. Although the PRC has yet to become a WTO [World Trade Organization] member, the U.S.-PRC trade dispute will become the first test for the world body. To what extent will it be able to settle a world trade dispute?

The United States can in fact take lessons from the piracy of its copyrights in other developing Asian countries such as Taiwan and even Indonesia. The piracy of copyrights, patents, and trademarks of U.S. computer software, cassettes, and other high-technology products has often been prompted by such factors as high import tariffs and extremely high royalties. The widespread piracy can be curbed if import tariffs and royalties in return for using copyrights [preceding word in English] are within the reach of developing countries.

## Alatas, Kuwaiti Leader Discuss Iraqi Sanctions

*BK0902142095 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 9 Feb 95*

[FBIS Translated Text] Indonesia will continue to adopt a balanced stance and support the UN Security Council's resolutions following Kuwait's request on Indonesia to support its call to extend the UN sanctions against Iraq. Speaking to reporters after he met with Kuwaiti Deputy Prime Minister (Sulaiman Al Sahlil) in Jakarta today, Foreign Minister Ali Alatas quoted the Kuwaiti leader as saying that even though Iraq has recognized Kuwait's sovereignty and territorial border, that country has not fully complied with the UN Security Council resolution, especially on two major points, namely on missing Kuwaiti nationals as well as on compensation for missing treasures during the Iraqi invasion of Kuwait in 1990.

Alatas said as a new member of the UN Security Council, Indonesia will always honor any resolution issued by the council and try to obtain more details about the Iraq-Kuwait conflict. Indonesia will also explore the possibility of relaxing the UN sanctions against Iraq in a gradual manner if that country has indeed complied with the UN Security Council resolutions.

After visiting Indonesia, the Kuwaiti deputy prime minister is scheduled to visit Botswana, which is another nonpermanent member of the UN Security Council.

## Commander Views Intrusions by Foreign Aircraft

*BK0902142495 Jakarta ANTARA in Indonesian 0932 GMT 9 Feb 95*

[FBIS Translated Text] Jakarta, 9 Feb (ANTARA)—Jetfighter planes belonging to the Indonesian Air Force [TNI-AU] often chase foreign aircraft trying to enter the country's air space illegally. This was disclosed by Vice Air Marshall Suyitno, commander of the National Air Defense Command.

"We can detect the intrusion of foreign aircraft and solve the problem through diplomatic channels or we can gently chase them out of our air space," Vice Air Marshall Suyitno told reporters after attending the 33d founding anniversary of the National Air Defense Command in Jakarta on Thursday.

The two-star marshall said the intrusion by foreign aircraft occurs mostly in the western part of Indonesia. Asked about the nationality of the foreign aircraft, Vice Air Marshall Suyitno said: "There are many aircraft from different nationalities because our country is located in the convergence of two continents. It is very convenient for them to intrude in our air space as a short cut to save flying time and fuel," he said.

He added, however, that TNI-AU jet fighters, consisting of F-5E Tiger II and F-16 Fighting Falcon planes, have never forced the intruding foreign aircraft to land. "When we chase them out, they usually leave our air space," said Suyitno.

Talking about equipment owned by the National Air Defense Command in monitoring the country's air space, Suyitno said the command has adequate facilities.

"The proof is that we can detect any intrusion. Indonesian people can sleep well and national development is ensured because the command and its personnel have a radar system which operates 24 hours a day to monitor our air space," he said.

## Former Editor of TEMPO Testifies in Court

*BK0902162795 Jakarta ANTARA in Indonesian 1258 GMT 9 Feb 95*

[FBIS Translated Excerpt] Jakarta, 9 Feb (ANTARA)—Gunawan Mohamed, former chief editor of the banned TEMPO weekly, said TEMPO had never wanted to oppose the government's policies and in practice, the weekly had always adhered to existing regulations.

"No, TEMPO had never wanted to oppose the government," said Gunawan to Benjamin Mangkudilaga S.H. [academic title], chief of the panel of judges, when he was testifying at a trial on the revocation of the TEMPO publication permit at the Jakarta state administrative court on Thursday.

Gunawan and 43 former TEMPO employees are suing the information minister at the state administrative court to contest the minister's Decision No. 123/1994 which revoked the publication permit of TEMPO. During the trial, the plaintiff was accompanied by T. Mulya Lubis S.H., Trimulya D., Suryadi S.H., and Atmajaya S.H. as legal counsel, while the information minister was represented by R. Wiyono S.H. and his colleagues.

Testifying before the panel of judges, Gunawan, said that in determining whether a news item should be published or not, TEMPO editors always adhered to the principles of absolute and nonabsolute requirements.

Absolute requirement means that a news item is not against the 1945 Constitution and the Pancasila state ideology, does not insult the president, and does not lead to ethnic, religious, racial, and intergroup conflict. Non-absolute requirement refers to the importance of a news item and its attractiveness to the readers.

"Therefore, in determining whether a news item is worth publishing, TEMPO has no intention to oppose the government?" asked Benjamin Mangkudilaga.

"No, TEMPO had never wanted to oppose the government," said Gunawan, adding that he regretted the government did not give him a chance to defend himself.

As for the criteria of free and responsible press raised by the panel of judges, Gunawan said there was no clear written criteria for it and an interpretation was always needed. The judges raised the issue because TEMPO's permit had been revoked on grounds that the items it had carried did not reflect a healthy, free, and responsible press.

Gunawan said the criteria usually meant that a news item should not affect national stability, is not against the 1945 Constitution and the Pancasila state ideology, does not insult the president, and does not lead to ethnic, religious, racial, and intergroup conflicts. [passage omitted]

### Editorial on Changing Role of National Press

*BK0902162695 Jakarta SUARA PEMBARUAN in Indonesian 8 Feb 95 p 2*

[Editorial: "Political and Industrial Press"]

[FBIS Translated Text] National Press Day is not meant to be commemorated annually with ceremonies and rhetoric because if that is the case, it is indeed unwise to spend a lot of money just for fun. National Press Day should be celebrated in the same manner as we celebrate other important national events by asking ourselves where we come from, where we are now, and where we are going. As such, we will be holding dialogues with history to know where our press is heading.

Talking about our press, we are under the impression that the idealism of the journalists, who consider their job an instrument of national struggle, is being distorted. Recently, we notice the growing conflict between journalistic idealism and business press. Speaking at a workshop on enhancing journalism ethics jointly organized by the Indonesian Journalists Association and the Information Department in Mataram, Lombok, on 19-22 January, [senior journalist] H. Rosihan Anwar described the current Indonesian press as business press, which is capitalistic and operates in big groups instead of smaller ones.

A similar view was expressed by Dr. David T. Hill of Australia's Murdoch University at a panel discussion organized by the Institute of Press Study and Development in Jakarta last Saturday. Dr. Hill said there is a shift in the role of the press from political to business press. Another indication is the entry of big capitalists, which are already successful in other fields, into the industrial press.

It is not easy to explain this phenomenon, but the history of the Indonesian press shows that in the past, journalists were the owners of the publishing house, but now, as Dr. Hill claimed, many capitalists from other businesses are interested in investing their money in the press.

There are those who believe that press idealism will not be distorted because there is a clear line separating the corporate and editorial management. In other words, editorial independence will be guaranteed and will not be affected by business interests.

However, there are also those who believe that the current industrial press is no different from the old partisan press, namely the press that serves as a tool or mouthpiece of political parties. Newspapers are used as a tool to attack other political parties or the government. In this situation, it is unlikely that a publication will be used to attack the views or policies of the political party that owns it.

The same is true with the industrial press. It is unlikely that a publication owned by a capitalist is used to criticize or expose the poor performance of companies owned by the said capitalist. Several recent cases have proved this.

However, viewed from another angle, the industrial press should not pose a problem because its existence is the result of the country's own successful development. However, the industrial press must not be viewed as a tool to reap huge profits while neglecting its role as a vehicle for national struggle. If that is the case, it will become an industrial press that sees capital as the only yardstick for all things. This would violate the country's Press Law.

Therefore, the industrial press' inclination to believe that news reports are no different from other marketable commodities must be avoided because this contradicts the role of press as a means of disseminating information, education, entertainment, and social control. It must be borne in mind that press must also have social responsibility.

It is highly appropriate if we use the National Press Day as an opportunity to evaluate our current press situation and link it to its challenges, dynamics, and aspirations. In this regard, we must also ponder to what extent the government and the society will support and trust our press in implementing its daily journalistic duties because its success as a vehicle of development is more or less determined by the support and trust given by the government and the society.

A partnership among the government, press, and society must be enhanced in the future to enable our press to present itself as a more credible entity with nobler principles to tell the right from wrong.

## Laos

### Friendship Treaty With Russia Ratified

*BK0902141995 Vientiane KPL in English 0944 GMT 9 Feb 95*

[FBIS Transcribed Text] Vientiane, February 9 (KPL)—Laos and Russia signed here yesterday morning a memorandum on the exchange of documents on the ratification to the Treaty of Friendship-Cooperation Relations between [the two countries] by the Parliaments of Laos and Russia.

The memo was signed by Deputy Foreign Minister Souban Salitthilat and Vladimir Fedotov, ambassador extraordinary and plenipotentiary of the Federation of Russia to the Lao People's Democratic Republic.

The signing of the memorandum is the result of previous actions toward the ratification of a treaty of friendship-cooperation relations between Laos and Russia which was signed on March 9, 1994 in Moscow. The presidents of the Federation of Russia and the Lao People's Democratic Republic each ratified the treaty in the month of November, 1994.

The treaty will take effect from the day of exchange of the message of ratification, according to Article 14 of the treaty.

### Group Departs for Economic Seminar in Tokyo

*BK0902141695 Vientiane KPL in English 0922 GMT 9 Feb 95*

[FBIS Transcribed Text] Vientiane, February 8 (KPL)—A Lao delegation led by Phao Bounnaphon, minister to the Prime Minister's Office, left here yesterday for Tokyo, Japan, to participate in the Greater Mekong Sub-regional Meeting scheduled between February 9 and 10.

The Greater Mekong Sub-regional Economic Seminar is hosted by Keidanren (the Japan Federation of Economic Organisations) and sponsored by the Asian Development Bank (ADB). Participants from China, Laos, Myanmar [Burma], Thailand, Cambodia, and Vietnam participate in this meeting.

In addition to issues of construction and development activities in this sub-region, the Lao delegation will focus on attracting foreign investment, particularly Japanese private investors, to Laos. Laos is currently increasing the number of hydropower stations and seeking to improve the country's infrastructure, especially Roads No. 8, 9 and 18 linking Laos with Vietnam.

### Foreign Minister Returns From Thailand

*BK0902141195 Vientiane KPL in English 0925 GMT 9 Feb 95*

[FBIS Transcribed Text] Vientiane, February 8 (KPL)—Lao Foreign Minister Somsavat Lengsavat concluded a three-day official visit to Thailand on February 5.

The Laotian foreign minister, who presided over the opening of a new Lao embassy in Bangkok on February 4, said after the ceremony that the Lao-Thai relations are now developing steadily.

He expressed the hope that the momentum will continue with more Thais investing in Laos for mutual benefit.

He also urged the two countries to resolve their problems as soon as possible so as to open a new chapter in their neighbourly ties.

During a meeting on friday, Somsavat Lengsavat and his outgoing Thai counterpart, Thaksin Shinnawat, agreed that both countries would try to resolve three remaining issues—demarcation of the border line at Boten, repatriation of the remaining Laotian refugees to Laos and reaching an agreement on economic and technical cooperation.

Both sides also hoped that bilateral trade and investment will be increased.

Last month the two countries signed an agreement to reconstruct and upgrade Luang Prabang airport to international standard. Thailand pledged to provide 50 million baht (2 million U.S. dollars) for the project.

## Philippines

### Comelec Chief Faults U.S. Human Rights Report

*BK1002045795 Manila BUSINESS WORLD in English 8 Feb 95 p 8*

[Report by Leda A. Esguerra]

[FBIS Transcribed Excerpt] Foreign government officials cannot observe the forthcoming local and national elections, but foreign media will be welcome.

Commission on Elections (Comelec) Chairman Christian Monsod issued the statement in the wake of a 1994 United State Department [as published] Human Rights report which assailed existing irregularities in the Philippines' electoral system.

The Comelec chief said that similar to the 1992 synchronized polls, no foreign individuals will be invited or allowed as observers.

"Any government has no right to comment, evaluate, critique the country's democratic process," he said.

Although the Comelec head did not deny the presence of fraud-related and violent incidents during polls, he said the issue which needs to be understood is whether these events affect the results or not.

He said, "Americans better stick to their own elections and stop commenting on elections of other countries. They're not exactly a model for democracy. They have no business evaluating the electoral process of other countries." [passage omitted]

### Wescom Dispatches Patrol Ship to Mischief Shoal

*BK0902121395 Manila BUSINESS WORLD in English 8 Feb 95 p 8*

[FBIS Transcribed Text] The military's Western Command [Wescom] yesterday dispatched one patrol ship on a surface inspection mission on Mischief Shoal, an island within the country's territorial waters reportedly being occupied by the Chinese Navy.

Wescom Deputy Chief Navy Capt. Rex Robles said in a telephone interview that two more ships and gunplanes will follow Patrol Ship 32 in its island-to-island inspection to verify the alleged presence of foreign warships near the island, located 190 to 200 miles west of Palawan. He said a Philippine Navy team will particularly look into reports China has established a permanent base in the island, and at the same time determine the origin of five warships spotted near Palawan.

Mr. Robles said Wescom has cautioned the advance team to be "diplomatic" and not initiate fighting if the reports are discovered to be true. He said the presence of foreign ships is not enough basis to invoke rights of sovereignty over islands within the country's exclusive economic zone, adding the waters near Mischief Shoal have been used a "sea lane" for a long time.

### De Villa Confirms PRC Ships in Disputed Area

*BK0902120795 Quezon City PTV-4 Television Network in Tagalog 1000 GMT 9 Feb 95*

[FBIS Translated Text] Defense Secretary Renato De Villa today confirmed the existence of ships bearing People's Republic of China flags at the Kalayaan Islands.

Earlier, during his news conference, De Villa revealed that the eight ships—although still unconfirmed if these are warships—are constructing permanent structures at the Spratly Islands, particularly in Panganiban Reef, which is included in the Philippine map. De Villa showed pictures of the ships, including the structures being constructed, to the media.

De Villa said although there are still five more countries that claim the territory, it is the Philippines' official position that it is part of the municipality of the Kalayaan Islands. Because of this, he said, all necessary diplomatic actions have been taken to call the Chinese Government's attention to their activities in the area. De Villa clarified that because the country does not have troops permanently stationed in the area, it is only now that they were able to confirm the surreptitious activities of the Chinese in the territory. He said despite the confirmed activities of China, the Philippine Government will continue to adhere to the 1992 Manila Declaration that calls for a peaceful resolution of conflicts in the territory.

[Begin De Villa recording in English] Although we constantly visit the islands and support the requirements of the mayor there, the international character of the area is that it is what they call a disputed area. But the Philippines consider this as part of Philippine territory by virtue of our having declared it as such, sometime ago, and it occupied some of the islands there.

The situation is such that there are, [pause] there are many islands there, many islands, reefs, atolls, shoals, and shallow waters. And there are at the moment, there are five countries which has a claim over the islands—the Philippines, China, Taiwan, Malaysia, and principally also, Vietnam—and they have occupied certain islands further out. In the same way that we have occupied some eight islands, also further out from Palawan. And as you know, this has been the subject of a, ...of an initiative from Indonesia sometime ago to find a peaceful solution to these interlapping, overlapping claims. [end recording]

Meanwhile, the senators immediately called for a firm but unified government action to resolve the imminent tension in the Spratlys.

Senate Defense Committee Chairman Orlando Mercado said Defense Secretary Renato De Villa has already advised them of the current situation in the South China Sea through a briefing last Sunday. Included in the briefing was Senator Blas Ople, Senate Foreign Relations Committee chairman.

Senator Blas Ople said the Chinese Foreign Embassy has assured him that the structures being constructed at Panganiban Reef are not for military use. Senators Orlando Mercado and Gloria Macapagal also gave their comments on the issue.

[Begin recording in English] [Mercado] It is within the exclusive economic zone. This is a serious infringement of the territorial integrity of the Philippines. And that is the reason why we are protesting very loudly about this particular matter.

[Unidentified correspondent] What are we asking the Chinese to do?

[Mercado] The Chinese should dismantle it forthwith.

[Senator Wigberto Tanada] A protest would be in order. But at the same time, I think a meeting should be called among the signatories to that agreement and where this matter can be brought out. [end recording]

In the meantime, at the lower house of Congress, House Speaker Jose De Venecia called for immediate dialogue between the claimant countries of the Spratly Islands.

During his weekly news conference, De Venecia said the meeting should be undertaken by the claimant countries' ambassadors. De Venecia denied the reported deterioration of relations between the Philippines and China. He clarified that the Philippines will state in the diplomatic protest the Chinese troops' intrusion in the Kalayaan Islands.

[Begin De Venecia recording in English] We can have a meeting at the level of ambassadors, a regional meeting at the level of ambassadors as a prelude to a meeting at the level of foreign ministers to come to grips with the Spratlys crisis, or issue, not crisis because there's no crisis now in the South China Sea. And the president has been very skillful in dealing with this problem. He has developed excellent relations with President Jiang Zemin of China. [end recording]

### Further on De Villa Remarks on Spratlys

*BK1002014195 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 9 Feb 95*

[FBIS Translated Text] The People's Republic of China denies its warships have entered territory claimed by the Philippines in the Spratly Islands. Chinese Foreign Ministry Spokesman Chen Jian also denied they have erected naval facilities on several islands in the Spratlys. Despite the denials, Department of National Defense officials insist the Chinese are lying.

Alex Tinsay has the report:

[Begin recording] [Tinsay] The Defense Department showed several pictures confirming the Ramos government's allegations against the Beijing government. The pictures, taken by the Philippine Air Force, show four sets of structures on Mischief Reef, which the Philippine Government calls Panganiban Reef. According to [Defense Secretary] De Villa, the flag of the People's Republic of China was seen on the facilities that were erected. De Villa, however, did not explain whether these are military-type structures:

[De Villa, in English] All we have is that there are very clear permanent looking structures being set up in the area, and these structures are similar to the other islands further out that they have occupied before.

[Tinsay] In support of this, a Navy patrol boat—VRP [Vessel of the Republic of the Philippines] Iloilo PS 32—reported that they saw Chinese warships in Panganiban Reef after conducting a surveillance mission to verify reports that the Chinese have erected naval structures in the area and that Chinese warships are docking on the islands, which are on the Philippine side of the Spratlys. According to the Chinese Foreign Ministry, the structures the Philippine authorities saw belong to the Fisheries Department.

Defense Secretary Renato De Villa expressed apprehension because the Chinese ships are just 130 nautical miles away from Palawan and are near Pag-asa Island. De Villa said he cannot disclose what steps the AFP [Armed Forces of the Philippines] will take in view of these events, although the AFP detachment on Pag-asa Island is already on a state of high alert. On the other hand, De Villa stressed that armed confrontation with regard to this problem in the Spratlys is a remote possibility:

[De Villa, in English] We have a very small detachment on Pag-asa Island, which is quite far from here, at about this part [video shows De Villa pointing to a map], consisting mostly of naval construction elements, or Seabees. We do not have what you can call a military force in the island.

[Tinsay] Alex Tinsay for GMA News. [end recording]

### Ramos Signs Memorandum on Human Rights

*BK1002065795 Manila MANILA BULLETIN in English 8 Feb 95 p 7*

[Report by Isabel C. De Leon]

[FBIS Transcribed Text] President Ramos said yesterday he will punish to the full extent of the law human rights violators in government as he reaffirmed his administration's commitment to the preservation and protection of human rights in the country.

The president signed a Memorandum of Agreement (MOA) to Protect and Preserve Human Rights in Malacanang [Presidential Office], a move which he described as a determined step on the part of the Philippine Government to foster greater cooperation among key government departments "so that respect for human rights enshrined in the Constitution will be enhanced."

The MOA specifically brings together the three-pillars of justice to uphold the provisions of the Constitution mandating the protection of civil and political rights in the context of law enforcement and internal defense.

Under the agreement, the Department of Interior and Local Government (DILG), the Department of Justice (DOJ) and the Department of National Defense join hands with the Commission on Human Rights to provide a forum and an effective mechanism where all aspects of human rights education and training, law enforcement, and criminal prosecution can be provided through constant oversight and monitoring.

"It provides for continuing human rights education, and a network to receive complaints regarding the investigation and prosecution of crimes, the apprehension of suspects, and the incarceration of prisoners and detainees," the president pointed out.

### Industrial Sector Expands 6.11 Percent in 1994

*BK1002085095 Manila BUSINESS WORLD in English 8 Feb 95 p 10*

[Report by Victor V. Saulon]

[FBIS Transcribed Text] Gross value added (GVA) in the industry sector grew substantially in 1994, posting a 6.11 percent improvement to P [pesos] 266.820 billion from P251.459 billion the previous year, latest data from the National Statistical Coordination Board (NSCB) indicated.

Contributing around 34 percent to the country's gross national product (GNP), the industry sector largely spurred economic growth and reflected one that was finally on its growth path.

Among subsectors, electricity, gas, and water posted the biggest growth of 13.85 percent in output, significantly up from a 2.92 percent growth in 1993.

The combined utilities subsector's output reached P23.061 billion last year against P20.255 billion and P19.681 billion in 1993 and 1992, respectively.

The improvement can be primarily attributed to expansionary activities in the energy sector with the activation of 16 power generating plants and the reactivation of those temporarily closed.

Thus, gross power generation was up 17.7 percent to 31.277 billion kilowatt-hours (kwh) last year from 26.579 billion kwh in 1993.

The power subsector met consumer's increased demand for electricity with a 14.24 percent rise in output to P21.175 billion. On the other hand, the water subsector registered a 9.65 percent hike in production to P1.886 billion.

Similarly recording substantial growth last year was the construction subsector with a 10.86 percent growth in output to P42.507 billion from P38.344 billion previously.

The subsector's growth was due to heightened construction activities as reflected by increased demand for cement. For instance, cement sales climbed 19 percent to 220 million 40-kilogram bags in the first 11 months of 1994.

The manufacturing subsector, which contributed 71 percent of industrial sector's output and accounted for 24 percent of GNP, also grew considerably last year. From a paltry 0.75 percent increment in 1993, the subsector expanded 5.07 percent to P190.489 billion.

Among manufacturing industries, electrical machinery exhibited the largest growth of 23 percent from 15 percent in 1993. Other groups which turned in higher output included the beverage industry, 10.41 percent and nonmetallic mineral products industry, 10.71 percent.

Providing the only dampener to industry sector's growth was mining and quarrying's performance which continued to be unfavorable last year. The sectoral output dipped 7 percent to P10.763 billion over the previous year's P11.571 billion.

The decline in overall mining output was primarily due to the temporary closure of Atlas Consolidated Mining and Dev't. Corp.'s mine in Toledo, Cebu which was badly hit by a typhoon in December 1993.

Meanwhile, technical as well as operational problems in West Linapacan and Nido oil wells resulted in the cancellation of targeted production in the latter part of 1994, thereby, reducing crude oil output.

Coal production likewise dropped as market conditions and natural calamities pointed to an environment unfavorable for the industry.

Gold production, however, somehow helped lift the beleaguered industry from the pits. Gold output last year amounted to P4.185 billion, slightly up from P4.157 billion in 1993. This was a reversal from the 9.32 percent decline in 1993 as gold prices in the global market finally showed signs of steady recovery during the period in review.

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## Paper Views 1994 Economic Performance

*BK0902122595 Manila BUSINESS WORLD in English 7 Feb 95 pp 1, 7*

[Report by Micheline R. Millar]

[FBIS Transcribed Text] The gross national product (GNP) grew by 5.1 percent in real terms in 1994. Although a few percentage points below the 5.5 percent high-end forecast of the government, the figure is much higher than the 2.6 percent achieved in 1993.

Meanwhile, the gross domestic product improved by 4.3 percent last year, more than double 1993's 2.1 percent and nearer government's December projection of 4.5 percent.

Last year's GNP growth was slightly dampened by the lower-than-expected net factor income from abroad, Socioeconomic Planning Secretary Cielito Habito told BUSINESS WORLD yesterday. This was manifested in the fourth quarter of last year, when the GNP grew by only 4.6 percent, way below the 5.5 percent forecast for the same period. Prior to that, economic growth managed to stay close to the quarterly forecasts.

Based on a memorandum to President Ramos on the highlights of the 1994 Economic Performance from Mr. Habito, net inflows of income from abroad increased to P [pesos] 29.2 billion in 1994 from the previous year's P22.1 billion. The government was expecting a higher net factor income last year, though the projected figure was not immediately available. Net factor income from abroad covers overseas contract workers' remittances and net investments from abroad, which refers to interest receipts from overseas investments less interest payments.

Despite the lower-than-expected net factor income from abroad, nearly all major production sectors contributed to the improved economic performance in 1994.

Industry led all subsectors with a 6.1 percent growth rate, a slight improvement from government's December projection of 6 percent. Industry's fourth quarter growth last year of 7.9 percent is its highest quarterly growth since the first quarter of 1990.

Manufacturing also turned in a healthy performance with a 5.1 percent growth in 1994. Food manufactures, beverages, petroleum and coal, and electrical machinery dominated the sector. Notable losers were textiles, wood and cork products, rubber products, and metal industries.

Construction continued to lead in the industrial sector, with a 10.9 percent growth last year and a hefty 17.4 percent improvement in the last quarter. The private sector managed to corner the bulk of construction activities in 1994. Utilities, in turn, grew by 13.8 percent last year and 12.7 percent in the fourth quarter.

Mining and quarrying turned in a dismal performance, suffering a 7 percent contraction last year. This was primarily due to production setbacks in copper, chromium, other non-metals, and crude oil.

Agriculture posted a negative growth of 1.4 percent in the last quarter, though the economic report assured that the outcome was expected due to last year's early harvest season. The sector managed to post a slight improvement for the whole of 1994 with a 2.4 percent growth rate as against 1993's 2.1 percent.

The report said bananas, coconut, and sugar managed to pick up in the fourth quarter despite the sector's poor performance. The services sector, meanwhile, picked up last year, posting a 3.8 percent growth rate versus 1993's 2.5 percent.

On the expenditure side, investments and exports set the growth momentum, with investments posting a 10.1 percent growth, an improvement over the government's 7.4 percent December projection. Fourth quarter investments registered a huge 18.2 percent jump as against the original 3.4 percent projection.

"Contrary to earlier claims by our (government) critics, real investment growth in construction, durable equipment, and breeding stock and orchard development all continued to pick up steam through the fourth quarter," the report said.

Exports grew by 19.5 percent in 1994, outpacing the 17.9 percent import growth. Merchandise export growth nearly doubled to 14.4 percent last year over 7.9 percent in 1993. Top exports were garments, semiconductors, and electrical machinery. Private consumer spending grew by 3.7 percent last year, as against 3 percent in 1993, largely due to improved incomes and consumer confidence. In contrast, continued streamlining contracted government spending by a slight 0.1 percent.

## Merchandise Exports Up 18.1 Percent in 1994

*BK1002062395 Manila BUSINESS WORLD in English 8 Feb 95 p 10*

[Report by Rachael O. Morala]

[FBIS Transcribed Text] The country's merchandise exports totalling $13.43 billion for 1994 outpaced the previous year's by 18.1 percent, latest data from the National Statistics Office [NSO] showed.

The United States came out as the top export market, cornering 38.17 percent of total. Aggregate purchases for 1994 reached $5.13 billion, swelling 17.4 percent from $4.37 billion.

Representing 15.04 percent of total export receipts were purchases from Japan. Staying on as the country's second biggest buyer, Japan bought Philippine goods worth $2.02 billion. Exports to Japan grew 10.55 percent compared with the earlier year.

Other major buyers of the country's products were Singapore, with purchases valued at $706.67 million and the United Kingdom which contributed $637.23 million to total merchandise earnings.

It is interesting to note that among the country's top 10 export markets, six belonged to the Asian region. Apart from Japan and Singapore, other Asian markets in the top ten roster were Hong Kong, Taiwan, Thailand, and Malaysia. Export earnings from the latter four countries totalled $1.69 billion or 12.56 percent of aggregate.

### December Exports

December exports amounting to a record $1.31 billion exceeded the year-ago and month-ago levels by 30 percent and 16.2 percent, respectively.

According to NSO data, electronics and components in the form of microcircuits and semiconductors have consistently been the country's top dollar earner.

For December 1994, it accounted for 25.2 percent of total exports, valued at $328.53 million. On a year-on-year comparison, export receipts from microcircuits and semiconductors posted a 36.1 percent hike. However, earnings moved up less than 1 percent on a monthly basis.

Most of these exports came from various export processing zones in the country and were mainly used as inputs in the manufacture of electrical equipment such as computers, appliances, and office machines.

Articles of apparel and clothing accessories were the country's second biggest income-generating export commodities. Dollar earnings reached $253.79 million, 14 percent higher than the 1993 level. This also indicated a stunning 54.1 percent hike from $164.67 million in November.

Upon the resolution of issues that puts coconut oil as a health hazard (due to bad cholesterol content), exports of Philippine coconut oil totalling $59.31 million surged almost three times from the previous year's level. Apart from being an input to various food products, coconut oil is also used in the manufacture of soap, shampoos, and detergents.

Movements in the country's gold exports were also encouraging. Gold shipments rose 18.2 percent amounting to $23.58 million from the previous year's level. Expanding 9 percent over the month-ago level, this product also moved up as the country's seventh top export item. It held on to the ninth slot in November.

NSO data also supported that 1994 was indeed a good year for trade. However, exporters have to contend with various issues that will affect their operations significantly this year.

Among the controversial issues is the full implementation of the General Agreement on Tariffs and Trade. The export sector is viewed by many as the primary gainer in the new world trade order.

Also, there is a pending bill in Congress—the Magna for Exporters—that needs to be addressed. The measure hopes to provide various fiscal incentives to the export sector, i.e., the granting of net operating loss carry-over for three years to new and expanding export businesses.

Developments in the economy also pose a challenge to the export sector—that it should continue to grow as it had in 1994 and that it takes the lead in the country's economic recovery efforts.

## Thailand

### Reportage on Arrest of Former MP Thanong

#### Arrest Efforts Detailed

*BK0902134795 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 9 Feb 95*

[FBIS Translated Text] Interior Minister Major General Sanan Khachornprasat wants policemen to arrest former MP Thanong Siriprichaphong now that an arrest warrant has been issued. He said since the court has approved the arrest of Thanong for involvement in international narcotics trafficking, officials concerned must find him. Sanan said he does not know if Thanong has fled to Laos, but he has instructed the Immigration Department to step up its border checks.

[Begin Sanan recording] Now that the court has approved the arrest of Thanong, we will have to be strict about his travel. Now he cannot leave the country. It is a different matter if he already left. With the warrant already issued, he cannot leave the country. [end recording]

Meanwhile, Foreign Minister Police Lieutenant Colonel Thaksin Chinnawat said it is the duty of the police to handle the matter if Thanong tries to flee arrest.

[Begin Thaksin recording] The arrest warrant has been issued. It is up to Thanong whether he will surrender to contest the case or try to flee. If he flees, it is the duty of the police to search for him. Relevant international agreements already exist. Therefore, the Police Department can take action within the law. If it wants assistance from the Foreign Ministry to help with any coordination, the ministry will be pleased to help. [end recording]

#### Thanong Surrenders

*BK1002083295 Bangkok Cho So 100 Radio in Thai 0805 GMT 10 Feb 95*

[FBIS Translated Text] The Criminal Court is considering a bail request for Thanong Siriprichaphong, the former Chat Thai Party MP from Nakhon Phanom Province, who has surrendered to face legal charges of involvement in drug trafficking. The United States wants him extradited to face trial there.

Lawyers Chingchai Topradit and Prachum Thongmi have made a bail request with a bank deposit account totalling 5 million baht. Following an order by the court, Thanong is currently being held in the detention room while waiting for the court's decision on the bail request.

### Editorial Views New Foreign Minister's Mission

*BK0902142695 Bangkok KRUNGTHEP THURAKIT in Thai 9 Feb 95 p 2*

[Editorial: "Basic Mission of the New Foreign Minister"]

[FBIS Translated Text] The meeting of Phalang Tham Party finally chose Dr. Krasae Chanawong, deputy party leader, to become the new foreign minister to replace the current foreign minister, Police Lieutenant Colonel Thaksin Chinnawat. His name will be submitted to the prime minister for royal appointment.

The new foreign minister will probably feel a bit uneasy continuing the work of Thaksin because Thaksin was not able to achieve much in the three months since he took over from Squadron Leader Prasong Sunsiri. Dr. Krasae will have to show that he has the ability to manage international affairs, which requires certain skills and knowledge.

In the current era in which world is flooded with information, many people miss Thaksin because his line of business is information. It is important that the foreign minister be in step with the world; this is not to say that Krasae is out of step. His strong point is that he is well respected as a democracy activist. In managing international affairs, he will have to weigh the issues by listening to various sides to make the correct decisions to protect national interests.

Krasae's political experiences will help him manage his work. International relations are not that difficult to grasp. One merely has to learn international issues quickly to be able to follow up on what was already started. However, now probably is not the time for new initiatives in international affairs; the first priority is how best to maintain the status quo.

The foreign minister will have to follow developments in the global economic and business evolution that have occurred—the North American Free Trade Association, ASEAN Free Trade Area, GATT, and World Trade Organization.

These bodies will play an ever bigger role in bringing Thailand into the economic, marketing, and free trade systems. The issue is that Thailand will have to keep up the "game" and not allow itself to be left behind or resist change. There will be gains and losses. If losses are to be taken, it will have to be for the benefit of the future. For example, some sacrifices have to be made to join the GATT, but we only stand to gain in the future. Thailand will have to follow these matters very closely and thoroughly because they concern many parties. On this subject, Thailand has proceeded on the right course, compared with certain countries.

In any event, we have encountered many problems in bilateral relations with neighboring countries. Our relations with Burma and Cambodia have not been good because we seem to have a two-tier foreign policy. The Foreign Ministry is on one tier, while the disjointed policies carried out by other ministries are on the other tier. For this reason, the Foreign Ministry has received considerable criticism. It, however, cannot do much because of various constraints, particularly the outdated mechanism in the ministry. Time has come to undertake reforms for the sake of efficiency, and how successful they are will depend on Dr. Krasae Chanawong's skills.

## Vietnam

### Commentary on Opening of Liaison Office in U.S.

*BK0902122195 Hanoi Voice of Vietnam in English 1000 GMT 9 Feb 95*

[Station commentary]

[FBIS Transcribed Text] The Vietnam liaison office in Washington, United States, is officially operating. What does the office do right now? Here is our radio editor's opinion:

The Vietnam liaison office is headquartered in a high-raised building in Washington. In coming months, when the agreement on delivery of diplomatic property is effective, the office will be moved to the former Saigon regime's embassy in the capital city.

Mr. Le Van Bang, head of the liaison office and the first representative of Vietnam in the United States, stated that Vietnam was a country, not a war. Large sections of the American public welcomed the event. Mr. Le Van Bang said many overseas Vietnamese, American businessmen and people have made phone calls and sent faxes to greet the office and asked whether they could help with anything.

In the first days of February, the event has been widely covered by CNN Television Network and the press in the United States, including THE NEW YORK TIMES and WASHINGTON POST, which considered the event a new stage in Vietnam-U.S. relations.

At present, the Vietnam liaison office in Washington has seven staff. In the near future, commercial and press representatives will be added. Mr. Le Van Bang said it was estimated that 18 staff will be working at the office.

Vietnam and the United States have agreed that the liaison office will be a place for regular contacts between the two foreign ministers. It will also be a reliable address to strengthen economic relations between the two countries.

### U.S. Liaison Office Opens in Hanoi

*BK0902110595 Hanoi Voice of Vietnam in English 1000 GMT 9 Feb 95*

[FBIS Transcribed Text] The first American flag to fly officially over Hanoi in 41 [as received] years was hoisted in a ceremony at the new U.S. Liaison Office in the Vietnamese capital on Wednesday.

This occasion marked the start of operation of the office 11 days after the two countries officially exchanged representatives on 28 January, the first such diplomatic ties between the two governments since the U.S. Consulate closed in Hanoi in 1964.

### U.S. War Veterans Delegation Makes Visit

#### Agenda Outlined

*BK0902111195 Hanoi Voice of Vietnam in English 1000 GMT 9 Feb 95*

[FBIS Transcribed Text] A delegation from the leading U.S. Vietnam war veterans group was due to arrive in Hanoi on Wednesday [8 February] to continue searching for the remains of some 1,621 U.S. servicemen still missing since the end of the conflict.

The Vietnam Veterans of America group plans to hand over documents to the Vietnamese Ministry of Defense and to local veterans associations to help them find Vietnamese projects [as heard] still unaccounted for since 1975.

Members of the group will travel through Vietnam to meet veterans of key battles and visit several sites in a bid to gather clues about the fate of their comrades during the 10-day mission.

#### Vice President Receives Group

*BK0902162395 Hanoi VNA in English 1441 GMT 9 Feb 95*

[FBIS Transcribed Text] Hanoi VNA Feb. 9—Vice President Nguyen Thi Binh received here this afternoon a group of US Vietnam war veterans.

The group is led by Secretary General of US Veterans Association Mr. Tom Cornol, now on a visit to Vietnam.

Vice President Binh hailed the US veteran's visit, and highly valued their active activities in demanding the US administration to lift the embargo against Vietnam and normalize its relations with Vietnam.

Mr T. Cornol, for his part, said the group would like to inform the Vietnamese side of some news related to the former US war in Vietnam and expressed their desire to joint efforts with the Vietnamese people in settling the war aftermaths.

### Commentary Reviews Ties With Australia

*BK1002055595 Hanoi Voice of Vietnam in English 1000 GMT 9 Feb 95*

[Station commentary]

[FBIS Transcribed Text] Australian Governor General William Hayden and Prime Minister Paul Keating hosted a reception for Vietnamese Foreign Minister Nguyen Manh Cam during the latter's visit to Australia.

Following is our review:

Mr. Nguyen Manh Cam's visit to Australia was made at the invitation of Australian Foreign Minister Gareth Evans to discuss measures to promote bilateral relations. Vietnam and Australia set up diplomatic relations in 1973, but it was not until 1993 that the two countries exchanged the high-level visit. It began with the visit to Australia by Vietnamese Prime Minister Vo Van Kiet in 1993. Then, last year, Australian Prime Minister Paul Keating came to Vietnam. These visits were an important turning point in bilateral relations. Since then other visits by government, parliament, and business delegations have been exchanged, promoting relations between the two countries.

Australian resumed official development aid to Vietnam before the trade embargo was lifted. It gave Vietnam $85 million in aid in the 1992-95 fiscal year. Vietnam and Australia have signed many important agreements on economic, trade cooperation, and on avoidance of double taxation and investment encouragement and protection. A Vietnam-Australia Joint Economic Cooperation Commission and the Vietnam-Australia Business Council have been set up. In 1993, Australia's exports to Vietnam totalled more than $250 million and Australia ranks fourth in the list of foreign investors in Vietnam. It has involved in 26 projects worth $717 million. Australia is now helping train hundreds of Vietnamese cadres of different sectors. Many joint ventures between Vietnam and Australia are operating with profits in Vietnam.

At the reception, both Governor General William Hayden and Prime Minister Paul Keating highly valued achievements accorded by the Vietnamese people in the renovation process and in implementation of the open door foreign policy. They welcomed Vietnam becoming a full member of ASEAN later this year. Prime Minister Paul Keating affirmed Australia's determination to further promote cooperative ties with Vietnam, especially in post and telecommunications, energy, infrastructure construction, education, personnel training, processing industry, and others.

Foreign Minister Nguyen Manh Cam's visit to Australia was an undoubted success.

### Do Muoi Receives Indonesian Delegation

*BK0902162495 Hanoi VNA in English 1441 GMT 9 Feb 95*

[FBIS Transcribed Text] Hanoi VNA Feb. 9—General Secretary of the Communist Party of Vietnam Do Muoi received here this afternoon Indonesian State Minister for Administrative Reform, Mr. Tiopan Berhard Silalahi who is now on a visit to Vietnam.

Minister T. B. Silalahi conveyed Indonesian President Suharto's regards to Mr. Do Muoi. He expressed his belief that the Vietnamese people would gain greater achievements in their national construction.

Minister Silalahi expressed his satisfaction at the result of his Vietnam visit and the Indonesian Government's aspiration to increase the exchanges of experience and cooperation with Vietnam namely in administrative reform and others.

Mr. Do Muoi spoke highly of Indonesia's experience in economic development and administrative reform and the Indonesian Government's goodwill in sharing experiences with Vietnam and expressed his hope that the Indonesian people would obtain greater achievements in building their country into a prosperous one.

### Lao Foreign Ministry Delegation Visits

*BK0902162295 Hanoi VNA in English 1443 GMT 9 Feb 95*

[FBIS Transcribed Text] Hanoi VNA Feb.9—A delegation of the Lao Ministry of Foreign Affairs, led by its Vice Foreign Minister Phomsavat Boupha, visited Vietnam from Feb.6-9.

While here, Mr. P.Boupha and his party were received by Acting Foreign Minister Tran Quang Co and held talks with his Vietnamese counterparts Mr. Vu Khoan and Mr. Nguyen Dinh Bin.

During the meetings, the two sides exchanged views on the situation in the region and the world. They discussed measures to further strengthen the special friendship, solidarity and all-sided cooperation between the two countries in general and between the two foreign ministries in particular.

### Spokesman Reaffirms Claim to Spratlys

*BK0902112195 Hong Kong AFP in English 1047 GMT 9 Feb 95*

[FBIS Transcribed Text] Hanoi, Feb 9 (AFP)—Vietnam seized on the dispute between the Philippines and China over the Spratlys to reaffirm Thursday its own sovereignty over the South China Sea islands.

Manila has accused China of occupying a coral reef over which it claims sovereignty.

China admitted Thursday that it had set up facilities there but said they were shelters for Chinese fishermen and not military bases.

A Vietnamese Foreign Ministry spokesman said Hanoi's position over the Hoan Sa and Truong Sa (the Vietnamese names for the Spratlys and the neighbouring Paracels archipelago) was clear and unchanged and "we have nothing more to say."

Vietnam claims sovereignty over the entire Spratlys archipelago which groups hundreds of islands, islets and reefs about 400 kilometers (250 miles) south of Vietnam.

It has garrisons on about 20 of the islands where it has built lighthouses and port facilties.

The Spratlys are claimed in whole or part by China, Brunei, Malaysia, Philippines, Taiwan and Vietnam.

Chinese and Vietnamese navies fought a brief and bloody battle in the archipelago in 1988. Both the Spratlys and the Paracels are believed to be rich in oil deposits.

## Vo Van Kiet, Ho Chi Minh City Leaders Meet

*BK0902160795 Hanoi NHAN DAN in Vietnamese 11 Jan 95 p 1, 2*

[Report by VIETNAM NEWS AGENCY: "Prime Minister Vo Van Kiet and Chiefs of Central Organs and Sectors Hold Working Session With Leaders of Ho Chi Minh City"]

[FBIS Translated Text] Right after their first meeting in the new year with leaders of provinces and cities in the entire country, on 9 January, Prime Minister Vo Van Kiet and comrade ministers, deputy ministers, and chiefs of central organs and sectors held another working session with leaders of Ho Chi Minh City [HCMC] on its socioeconomic targets and duties in 1995.

The meeting was attended by Comrade Vo Tran Chi, secretary of the HCMC Party Committee; Pham Chanh Truc, chairman of the HCMC People's Council; Truong Tan Sang, chairman of the HCMC People's Committee; directors of departments, state organs, sectors in Ho Chi Minh City; party secretaries of district and precinct party committees; and chairmen of district and precinct people's committees.

Addressing the meeting, Prime Minister Vo Van Kiet said: Based on the review of achievements and problems in 1994, Ho Chi Minh City needs to further define and supplement its development strategy to fully exploit all advantages, create conditions to accelerate the transformation of its economic structure under the direction of industrialization and modernization, and satisfactorily fulfill its role as "the city of the entire country and the city for the entire country." Under that spirit, the city's first duty and concern are to realize its key economic sectors, focus its development to high- technology sectors, and increase export of local industrial products to create a quick and firm development in the city. It must mobilize all scientific and technical cadres in the city, the country, and overseas Vietnamese—these cadres represent a great potential that the city has not fully exploited. It must increase its market management, stop the practice by some people who work under the cover of state-run enterprises to evade tax, control and rearrange its import-export activities, reasonably adjust its export commodity, limit the import of consumer goods, and encourage local enterprises to export of their local products, especially products of high value. The city must develop its industrial zones according to the recent regulation issued by the government, seek more foreign investment partners, create all favorable conditions within the bounds of the law to attract more foreign capital under different forms, and exploit and efficiently utilize capital resources from official development assistance and foreign loans. The city must continue to strengthen and upgrade efficiency in state-run enterprises and resolutely rearrange incompetent enterprises. At the same time, it must accelerate the experimental introduction of the share-holding system and diversify different forms of ownership in state-run enterprises. It needs to adopt positive measures to mobilize capital resources from the public and all economic sectors and to establish and develop the capital market. It also needs to introduce positive programs and measures to improve the collection of state revenue and encourage the practice of frugality. Presently, revenue collection from state enterprises under the management of the central government, from foreign-invested business, from nonstate economy, from housing sales, and from the granting of land rights for housing units has suffered a great loss. Together with the improvement of the management of state property, we must closely control the use of a capital depreciation fund and other capital resources, intensify the second stage of debt solvency work to rehabilitate the financial situation, and resolutely stop the purchase of expensive equipment in state enterprises.

The prime minister emphasized the demand to step up the state management to develop the city's great potential as an economic center in the region and a greatest economic center in the country. The city echelons must further realize and improve the role and duty of the state management over local economic activities to create a close link and develop the combined strength between different economic sectors, central and local enterprises, and local enterprises with foreign joint ventures. Recently, some local authorities have been performing administrative work rather than state management. The city needs to help local authorities at district, precinct, village, and subward levels to execute their role of state management in organizing and supervising the implementation of the party and state's policies, directions on socioeconomic development, and key development programs. The local authorities should not engage themselves too much in the operation of local state-run enterprises as they are doing now. The city needs to accelerate the administrative reform outlined in Government Resolution No. 38, continue to reduce the number of government officials, implement the regulation on civil service, and train and retrain its cadres and personnel to meet current and future requirements.

The prime minister reminded the local party committees and authorities to pay more attention to cultural and social service and the local security and city planning to make the city healthier and safer, thus creating better conditions for its socioeconomic development.

On the New Year, the prime minister wished cadres and people of the city greater achievements in socioeconomic development. He also advised the city to celebrate the New Year in a happy, thrifty manner and without accidents and disability caused by firecrackers.

## Vo Van Kiet Meets With Businessmen on Policies

*BK0902121095 Hanoi VNA in English 0726 GMT 9 Feb 95*

[FBIS Transcribed Text] Hanoi VNA Feb. 9—Prime Minister Vo Van Kiet met at the Thong Nhat Conference Hall in Ho Chi Minh City yesterday with more than 370 directors general directors of state-run and private enterprises to hear opinions on the government's review of production and trade policies.

At the meeting, organised by the Vietnam Chamber of Commerce and Industry, some 15 participants presented their views on state policies concerning issues of capital, information, export-import activities, tax, cooperation and investment.

Prime Minister Kiet spoke of the important role played by enterprises in economic development of the country and said that this year the government will step up its renovation in the macro management in a bid to help enterprises boost their activities in line with the party's and government's directions.

The government will continue ameliorating the legal system, carrying out administrative reform, simplifying all complicated procedures, eliminating self-governing mechanism, thus liberating and making full use of all production capacity and speeding up the formation of a capital market, paying attention to infrastructure development, building industrial zones, attracting more foreign investment, and creating favourable conditions for corporations to take shape and become world competitive.

The government is determined to maintain a high and stable economic growth rate, practise thrift and bring inflation under control and makes efforts to develop the workforce and increase social welfare.

## Army Paper Stresses Support of One-Party System

*BK1002090595 Hanoi QUAN DOI NHAN DAN in Vietnamese 18 Jan 95 p 1,4*

[Article by Quang Thang: "The Communist Party of Vietnam—the Only Ruling Party That Leads Vietnamese Society"]

[FBIS Translated Text] In the socio-political systems of many countries, there are many parties and social organizations operating. However, one political party always has the role of ruling over a society. In our country, the Communist Party of Vietnam [CPV] now assumes that role. This is a historical fact.

History shows that our country once adopted a multiparty system; that was between 1945 and 1946—the period immediately after our administration was founded, thanks to the successful August 1945 Revolution, and also the period during which there were indications of competition for power with the CPV. But the people finally made their choice, favoring the CPV's role as leader of the revolution.

Later, during the 1946-88 period, in addition to the ruling party, our country had two parties, namely, the Socialist Party and the Democratic Party. Founded by the CPV, these parties, which were made up of the bourgeoisie, recognized the ruling powers of the CPV and followed Vietnam's national liberation path in the advance toward socialism. Thus, in that period, we adopted a multiparty system, but it was not an antagonistic multiparty system. Due to historical circumstances, these two parties were dissolved in 1988.

From 1988 onward, there has been only one party—the CPV—left in power to achieve development. The continued presence of the party has been ascribed to the objective demands of the Vietnamese society, its considerable political prestige, and its meritorious deeds achieved during various struggles for national liberation and independence and national construction. It is thanks to the correct choice of the people, and in no way by means of a power struggle among political parties, that the party has survived, grown up, and stood firmly in its ruling posture and overcome many ordeals in the revolutionary struggle. The history of our country shows that, besides our CPV, no other politial parties, no social organizations, and no movements have ever succeeded in rescuing our people from enslavement and from the invading imperialist forces' schemes to divide the country. Since 1945 the CPV has always remained as the ruling party, even with or without the presence of other parties. This fact has been recognized by our society and there are no attempts to legalize its presence. The inscription in the Constitution about the ruling role of the CPV will only be meaningful if the people truly recognize its leadership. It would be meaningless if the party lost its prestige and no longer had the abilities and conditions requisite for rule. The facts of the recent collapse of socialism in East Europe and in the former Soviet Union serve as a clear example and also a profound warning for us.

It is worrisome that amid a very complex world situation, in which the socialist world is now in a crisis and in which imperialist "peaceful evolution" schemes are emerging, a number of people want us to adopt political pluralism and an antagonistic multiparty system. Their main argument is that this will enable the country to become more democratic and to have an opposition force from within and so forth to speed up social development. Even if we assume that, except for a number of people with impure and unhealthy "thinking" who are trying to steer our country into another path, the rest of those who are calling for the above system are honest as they want our society to develop along a chosen path, we still find that the argument they have advanced is illogical—not to mention the matter of political sensivity and the impact this action may have on the feelings of the general public at this complex juncture of the world situation.

Our country has not accepted that political pluralism and an antagonistic multiparty system would currently be a very clearsighted move. This is one of the best sources of pride for our party and people. Political reactions from our party cadres and members and from the entire people testify to this fact.

[illegible] ruling party, the party is the only party that leads the society. The maintenance of its role as a ruling party will depend chiefly on the prowess of the party itself. The party must be strong, clean, and intelligent and must constantly renovate and rectify itself.

Commemorating the party's 65th anniversary, we have confidence and pride in our party—the "successor of the glorious traditions of our nation and also the one who is paving the way for our people's advance toward a brighter future." (Footnote: Ho Chi Minh, *Complete Collection of Works*, Volume 8, Su That Publishing House, Hanoi, 1989, page 766.)

## LAO DONG Interviews General Dao Dinh Luyen

*952E0052A Hanoi LAO DONG in Vietnamese*
*27 Dec 94 pp 1, 7*

[Interview with Senior Lieutenant General Dao Dinh Luyen, chief of the Vietnam People's Army General Staff, by LAO DONG Correspondent Hoang Hai; place and date not given]

[FBIS Translated Text] Senior Lieutenant General Dao Dinh Luyen, member of the Communist Party of Vietnam Central Committee, vice minister of national defense, and chief of the Vietnam People's Army General Staff, has granted LAO DONG the following interview on the occasion of the 50th anniversary of the Vietnam People's Army (20 December):

[Hoang Hai] General, the building of the Vietnam People's Army [VPA] into a regular, modern force is faced with many difficulties in the socialist-oriented market economy. In your capacity as chief of the VPA General Staff, would you please tell LAO DONG readers in general terms how our Army has overcome those difficulties?

[Dao Dinh Luyen] I understand that the socialist-oriented market economy has both a positive and negative effect on our entire society, but the positive effect is predominant and basic. The new economic mechanism has made decisive contributions to liberating productive forces and producing a great leap forward in economic development and in the implementation of various social policies, thereby gradually improving the material and spiritual life of the people. This is a strong base for consolidating national defense and building the Army. However, the seamy, negative aspects of market economy—such as the overemphasis on personal interests, corruption, smuggling, enriching oneself illegitimately—have been and still are challenges, no small obstacles on the road to making the people prosperous, the country powerful, and society just and civilized.

A component of society, our Army is directly affected by both the positive and negative aspects of the economy, but I still want to stress that the positive aspects are the main ones.

Fully imbued with the party's concept of building the VPA in the market economy, the Military Commission of the Party Central Committee and the Ministry of National Defense have gradually renovated their thinking about Army building and have achieved important initial results. First of all, they have set forth practical policies and measures and have succeeded in fully exploiting the achievements in economic renovation to build the Army in every respect—personnel, intellectual standard, material base, technical equipment, and budget. In building the Army, we have taken into consideration particular economic requirements and mechanism under the effects of the market mechanism.

In conformity with our level of economic development and with the need to build a peacetime army ready to act in any eventuality, we have done a good job of substantially reducing the strength of the standing army and improving the organization, staffing, and equipment of forces in various forms and units to ensure that they are strong, well-trained, and compact. We have done that in the most economical possible manner but have still increased the fighting strength of the Army. We have satisfactorily organized for the Army to participate in productive labor and economic building with good results in terms of national defense and economy in the market mechanism. In addition, we have satisfactorily carried out the policy of economization, spending money for the right purposes, and combating wasteful practices, corruption, the pragmatic way of life, and the negative influences of the market mechanism. We have also continued to correctly satisfy the legitimate material and spiritual needs of troops and their families (when they are in the Army and after they have returned to civilian life).

In my view, to build the Army into a regular, modern force in the market economy, we must pay attention to another extremely important, decisive issue, namely the need, on the one hand, to continue supplementing and improving the system of Army laws, institutionalizing all party decisions, and strengthening the state management of the Army. On the other hand, we must renovate the Army and rear-area building policies even more radically, and avoid confusing Army and national defense policies with social policies, thereby making Army building really a task of the entire party and people and of all branches, levels, economic sectors, and mass organizations, and turning Army organizations and the training of officers, specialized and technical personnel into a system organically linked with all society.

[Hoang Hai] Our national defense cannot rely only on strong regular armed forces. So, how have the militia and self-defense forces and mobilization-ready forces been built over the past few years? Comrade Chief of the General Staff, do you consider the trade unions an organization playing an important role in this task?

[Dao Dinh Luyen] Article 46 of the 1992 SRV Constitution affirms that we must "build a revolutionary, regular, well-trained people's army that is to be modernized step by step, and build strong mobilization-ready forces, militia, and self-defense forces...."

To conform to the comprehensive renovation of the party, in particular its renovation of economic thinking, the Ministry of National Defense has requested that the Secretariat of the Party Central Committee issue a directive—Directive 55/CT-TU—on strengthening party leadership over the building of mobilization-ready forces and militia and self-defense forces, and that the government issue directives and resolutions on national defense, mobilization, and militia and self-defense forces. In this spirit, various levels, branches, and mass organizations have improved their perception of and sense of responsibility for building mobilization-ready forces and militia and self-defense forces.

The building of mobilization-ready forces has been actively carried our. In particular, since the conference to review 10 years of Army mobilization work from the grassroots up, this task has undergone a radical change and has gradually been regularized, therefore enabling the mobilization-ready forces and militia and self-defense forces to meet all requirements of their tasks in any eventuality.

With regard to the self-defense forces and mobilization-ready forces in various government sectors and grassroots unit, despite the many difficulties encountered in the process of shifting to a new economic structure, generally speaking these forces have been able to maintain their revolutionary movements, and many good models of grassroots units have emerged. The trade union organization have made very important contributions to these developments.

The growth of the self-defense forces and their new capability, together with the development of the working class and science and technology along the line of industrialization and modernization, will certainly turn these forces into a powerful contingent capable of meeting the requirements of both national construction and Army building and national-defense strengthening.

However, the building of militia and self-defense forces and mobilization-ready forces are still beset with numerous difficulties in the market economy, when we still lack a homogeneous legal system. It is my wish that, under the leadership and guidance of various echelons and sectors, the trade union organizations at all levels will coordinate closely with the mass organizations, further develop their responsible roles, and actively participate in motivating, educating, and encouraging the working class to implement all directives and resolutions of the party and government and all state laws. It is also my wish that the trade union organizations will satisfactorily carry out the registration and management of mobilization-ready forces, in particular specialized, technical units; will devote themselves to building and consolidating the militia and self-defense forces and improving their overall quality; will create every favorable condition for the militia and self-defense forces; and, in particular, will devote themselves to ensuring the implementation of all policies and systems so that these two forces can meet the requirements of the national defense and security tasks in the new situation, thereby contributing to maintaining political stability in order to achieve socioeconomic development, and standing ready to successfully cope with any eventuality.

[Hoang Hai] Thank you, General.

## Australia

### Trade Minister Views U.S. Wheat Sale to PRC

*BK0902060495 Melbourne Radio Australia in English 0500 GMT 9 Feb 95*

[FBIS Transcribed Text] Australia's grain growers are accusing the United States of hypocrisy in selling more subsidized wheat to China. The U.S. has announced its sale of 1 million tons of wheat to China under its controversial Export Enhancement Scheme. The president of the Grains Council of Australia, Ian McFarlane, says it is yet another example of the United States not practicing what it preaches.

However, Australia's trade minister, Bob McMullan, says this particular sale won't affect Australia:

[Begin McMullan recording] Provided this and other wheat subsidy sales don't become part of a pattern that undermines our position as we recover from the drought—and at this rate Australia has got no reason to believe it will—we are not really commenting on it. It is really essentially an internal decision for the United States. If they think it is a good way to spend their money they are entitled to do it as long as it does not cut across our position. We just stay quiet and look on with interest. [end recording]

### Evans Welcomes Probe of Alleged Timor Killings

*BK0902030395 Melbourne Radio Australia in English 0100 GMT 9 Feb 95*

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, says he is encouraged by Indonesia's initial response to allegations six people were executed in East Timor last month. The Indonesian Armed Forces claimed the dead were pro-independence guerrillas, but according to eyewitness accounts they were civilians executed by soldiers. Senator Evans says he welcomes moves by Indonesia to further examine the incident.

At the same time, Sen. Evans had defended as a practical necessity the five-year-old Timor Gap oil and gas treaty between Indonesia and Australia. He said he was optimistic about the International Court of Justice hearing currently in The Hague, in which Portugal has accused Australia of violating the rights of the East Timorese. Sen. Evans said the longstanding boundary dispute had to be resolved before Australia could explore for its own resources.

### Cooperation Agreement Signed With Indonesia

*BK1002091195 Melbourne Radio Australia in English 0500 GMT 10 Feb 95*

[FBIS Transcribed Text] Australia and Indonesia have signed an agreement to strengthen tourist and telecommunication links. Indonesia's minister for tourism, post, and telecommunications, Joop Ave, and Australia's minister for telecommunications, arts, and tourism, Michael Lee, has signed a memorandum of understanding in Sydney. Mr. Lee says the agreement is a milestone in regional cooperation which will have significant benefits for both countries. The agreement promotes joint telecommunication research and development by universities, exchanging information on new technology, and sharing skills and expertise. Mr. Lee says the tourism will benefit from an exchange of information, increased cooperation between tourism promoting agencies, and joint education and training. The agreement also covers cooperation in new technologies, training, and exchange of personnel of the two countries' postal services.

### Hawke Defends Dealings With Burmese Regime

*BK0902051895 Melbourne Radio Australia in English 0100 GMT 9 Feb 95*

[FBIS Transcribed Text] Former Prime Minister Bob Hawke says there are positive aspects to the military regime in Burma. Mr. Hawke said his refusal to raise human rights issues when he visited Burma last month would help him to have constructive discussions with the leadership in the future.

The former prime minister stated his position on his business dealings with Burma in a letter to THE CANBERRA TIMES newspaper. Mr. Hawke wrote that Burma was not in the same moral category as the apartheid regime in South Africa. He said a written brief supplied to him by the Foreign Affairs Department said that Australia neither encouraged nor discouraged commercial contacts with Burma. Mr. Hawke said one of the great issues in the region would be the firm belief that governments, that the West, had no right to impose values upon Asia. He said it would be a mockery of the national interest to trade with countries only if all their policies were thoroughly approved. Mr. Hawke said Australia did not cease commercial contacts with Indonesia because the government disapproved of some of Indonesia's internal policies.

### South African Deputy President Meets Keating

*MB1002051195 Johannesburg SAPA in English 2042 GMT 9 Feb 95*

[FBIS Transcribed Text] Pretoria Feb 9 SAPA—Deputy President FW de Klerk on Thursday met Australian Prime Minister Paul Keating in Canberra to discuss bilateral relations, Australian economic policies and developments in South Africa.

A statement from the Deputy President's Office said Mr De Klerk also held talks on improved relations between Indian Ocean Rim countries with senior Australian Government officials, among others, Trade Minister Bob McMullan, Foreign Affairs Minister Gareth Evans and opposition leader Johan Howard.

He also spoke at a lunch meeting of the Australian National Press Club.

### Evans Discusses Relations With New Zealand

*BK1002065595 Melbourne Radio Australia in English 0500 GMT 10 Feb 95*

[FBIS Transcribed Text] New Zealand's foreign affairs minister, Don McKinnon, says he no longer mistrusts Australia's stance on trade between the two countries. Tony Allen reports that Australia and New Zealand have patched up some of their differences at talks in Melbourne today, but that some issues remained unresolved:

[Begin Allen recording] Before meeting his counterpart Gareth Evans today, Don McKinnon said Australia-New Zealand relations had reached a low point and there was mistrust over Australia's sudden cancellation of an agreement to let Air New Zealand fly Australian domestic routes. Today's talks have brought a promise that cancellation by fax and without consultation won't happen again. Mr. McKinnon has welcomed that, but while the diplomatic process is being fixed the policy problems remain. Still to be argued out at future talks are whether New Zealand television programs qualify as local content in Australia and some differences on food standards, while Senator Evans still can't give a date for Air New Zealand's domestic entry. [end recording]

## Fiji

### Rightists Seek Resignation of Prime Minister

*BK1002070195 Melbourne Radio Australia in English 0500 GMT 10 Feb 95*

[FBIS Transcribed Text] Supporters of Fiji's right wing Fijian Nationalist Party marched through the capital, Suva, today demanding the resignation of Prime Minister Sitiveni Rabuka and the appointment of an interim government.

The Fiji media quotes the Fijian nationalist leader, Sakeasi Butadroka, as saying that the march was necessary because the government of Prime Minister Sitiveni Rabuka was introducing policies that were not beneficial to the people of Fiji. It also accused Mr. Rabuka's ruling Fijian Political Party of disrespect for failing to consult the country's Great Council of Chiefs over recent major decisions. At the end of the march, the protesters presented a petition to Fiji's acting prime minister, Adi Samalulu Bakambau, as Mr. Rabuka is currently in Hawaii. The opposition Fijian Association Party earlier this week announced that it would move a vote of no confidence in Mr. Rabuka at the next sitting of Parliament.

Local reports say the protest relates to a planned Hong Kong business migrant scheme, the proposed lifting of Sunday observance laws, and the proposed use of the name Fijian for all Fiji citizens.

## Papua New Guinea

### Agreement Reached on Economic Support Package

*BK1002090795 Melbourne Radio Australia in English 0500 GMT 10 Feb 95*

[FBIS Transcribed Text] Papua New Guinea's [PNG] finance minister, Chris Haiveta, says agreement has been reached in principle between the government, the World Bank, and the International Monetary Fund on an economic support package for his country.

Sean Dorney reports an IMF team has left Port Moresby after lengthy discussions with the PNG Government following on from talks earlier this week with the World Bank delegation:

[Begin recording] [Dorney] The discussions followed PNG's refusal to accept tough conditions the IMF and the World Bank wanted to apply to a $250 million [currency not specified] rescue package offered to PNG late last year. Finance Minister Chris Haiveta says the new package has been agreed in principle. The IMF will provide balance of payments support and the World Bank financial structural adjustment. Mr. Haiveta said the details would be finalized in Suva next week during the South Pacific Forum finance ministers conference:

[Haivet] The heads of the regional desks have sent their missions here. They will be talking with me to at least agree finally on how much the fund and the bank can commit for the rest of this year. [end recording]

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